



American Fork City

American Fork City, Utah
Comprehensive Annual Financial Report
Fiscal period ended June 30, 2014



American Fork City
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014
TABLE OF CONTENTS

INTRODUCTORY SECTION	2
ORGANIZATIONAL CHART	10
LIST OF ELECTED AND APPOINTED OFFICIALS	11
FINANCIAL SECTION	12
INDEPENDENT AUDITOR'S REPORT	13
MANAGEMENT'S DISCUSSION AND ANALYSIS	16
BASIC FINANCIAL STATEMENTS	28
<i>Statement of Net Position</i>	29
<i>Statement of Activities</i>	30
GOVERNMENTAL FUNDS	31
<i>Balance Sheet</i>	31
<i>Balance Sheet Reconciliation to Statement of Net Assets</i>	32
PROPRIETARY FUNDS	35
<i>Statement of Net Position</i>	35
<i>Statement of Revenues, Expenditures and Changes in Fund Net Position</i>	36
<i>Statement of Cash Flows</i>	37
NOTES TO THE FINANCIAL STATEMENTS	39
REQUIRED SUPPLEMENTARY INFORMATION	64
GENERAL FUND	67
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual</i>	67
FITNESS CENTER FUND	68
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual</i>	68
OTHER SUPPLEMENTARY INFORMATION	69
<i>Combining Financial Statements</i>	70
NON-MAJOR GOVERNMENTAL FUNDS	71
<i>Combining Balance Sheet</i>	71
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balance</i>	72
GENERAL FUND	73
<i>Balance sheet</i>	74
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual</i>	75
GENERAL FUND ANALYSIS	79
GENERAL FUND	80
<i>Analysis of Expenditures</i>	80
<i>For the Year Ended June 30, 2014</i>	80
<i>Comparative Five Year Statement of Revenues, Expenditures and Changes in Fund Balances</i>	81
SPECIAL REVENUE FUNDS	82
SPECIAL REVENUE FUNDS	83
<i>Combining Balance Sheet</i>	83
<i>Combining Statement of Revenues, Expenditures, and Changes Fund Balances</i>	84
ARTS	85
<i>Schedule of Revenues, Expenditures, and Changes Fund Balances</i>	85
DOWNTOWN REDEVELOPMENT	86
<i>Schedule of Revenues, Expenditures, and Changes Fund Balances</i>	86

American Fork City
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014
TABLE OF CONTENTS

CELEBRATION COMMITTEE	87
<i>Schedule of Revenues, Expenditures, and Changes Fund Balances</i>	87
BUILDING AUTHORITY	88
<i>Schedule of Revenues, Expenditures, and Changes Fund Balances Budget to Actual</i>	88
REDEVELOPMENT AGENCY FUND	89
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual</i>	89
DEBT SERVICE FUND	90
<i>Balance Sheet</i>	91
<i>Schedule of Revenues, Expenditures, and Changes Fund Balances, Budget to Actual</i>	92
CAPITAL PROJECTS FUND	93
<i>Combining Statement of Net Assets</i>	94
<i>Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget to Actual</i>	95
PERPETUAL CARE FUND	96
<i>Combining Balance Sheet</i>	97
<i>Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget to Actual</i>	98
PROPRIETARY FUNDS.....	99
<i>Combining Statement of Net Position</i>	100
<i>Combining Schedule of Revenues, Expenditures, and Changes Net Assets</i>	102
<i>Combining Statement of Cash Flows</i>	103
WATER AND SEWER FUND	105
<i>Schedule of Revenues, Expenditures, and Changes Fund Balances, Budget to Actual</i>	105
BROADBAND FUND	106
<i>Schedule of Revenues, Expenditures, and Changes Fund Balances, Budget to Actual</i>	106
ADDITIONAL AUDITORS' REPORTS	107
STATISTICAL SECTION	113
<i>Schedule of Expenditures of State Grants, Contracts and Loan Funds</i>	114
<i>General Property Tax Levies and Collections</i>	115
<i>Net Assets by Component</i>	116
<i>Changes in Net Position</i>	117
<i>Fund Balances, Governmental Funds</i>	119
<i>Changes in Fund Balance, Governmental Funds</i>	120
<i>Assessed Value of Taxable Property</i>	122
<i>Overlapping Property Tax Rates</i>	123
<i>Principal Property Tax Payers</i>	124
<i>Property Taxes Levied and Collections</i>	125
<i>Taxable Sales by Category</i>	126
<i>Direct and Overlapping Sales Tax Rates</i>	127
<i>Sales Tax Payers by Industry</i>	128
<i>Charges for Water Fees</i>	129
<i>Charges for Sewer and Storm Drain</i>	129
<i>Ratios of Outstanding Debt by Type</i>	130
<i>Ratios of Outstanding Debt as a Percentage of Personal Income and Property Value</i>	131
<i>Direct and Overlapping Governmental Activities Debt</i>	132
<i>Legal Debt Margin Information</i>	133
<i>Demographic and Economic Statistics</i>	135
<i>Full-Time Equivilant City Employees by Function/Program</i>	136

American Fork City
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014
TABLE OF CONTENTS

Principal Employers..... 137
Operating Indicators by Function/Program..... 138
Capital Assets by Function/Program 139
Schedule of Insurance 140



51 EAST MAIN, AMERICAN FORK, UT 84003 (801)763-3000 FAX 801-763-3004

Introductory Section



December 18, 2014

To the Honorable Mayor, Members of the Governing Council, and the Citizens of American Fork: State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of American Fork City for the fiscal year ended June 30, 2014.

This report consists of the management's representations concerning the finances of American Fork City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of American Fork City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of American Fork City's financial statements in conformity with GAAP (Generally Accepted Accounting Principles.) Because the cost of internal controls should not outweigh their benefits, American Fork City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

American Fork's financial statements have been audited by Gilbert & Stewart, Certified Public Accountants, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of American Fork City for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that American Fork City's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. American Fork City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

American Fork City, incorporated in 1853, is located in the Northern region of Utah County, Utah. The City is situated approximately 28 miles from Salt Lake City, the capital of Utah. The City covers an area of approximately 9.43 miles.



The 2010 census indicated that American Fork City has a population of approximately 26,600 residents. American Fork City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

American Fork City has operated under the Mayor, Council form of government since incorporation. Policy-making and legislative authority are vested in a governing council consisting of a mayor and five councilpersons. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and providing “advice and consent” for the Mayor appointments.

The government’s administrator is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government. The Council is elected on a non-partisan basis. All Council members serve four-year terms. The Mayor is elected to a four-year term.

Once known as the “Hub of Utah County,” American Fork now views its mission as a “destination city.” American Fork City provides a full range of services, including police and fire protection; the construction and maintenance of city streets, water, sewer, storm drain, secondary irrigation and other services. Sanitation services are provided through a contractual arrangement with Allied Waste Services.

American Fork City Redevelopment Agencies and American Fork City Building Authority both act as legally separate agencies but functions, in essence, as departments of American Fork City and therefore have been included as an integral part of American Fork City’s financial statements. The American Fork Redevelopment Agency (RDA) plays a pivotal role in revitalizing many areas throughout the City. The City’s building authority is the conduit whereby the City can finance major building projects. Additional information on these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for American Fork City’s financial planning and control. All agencies of American Fork City are required to submit requests for appropriation to the government’s budget officer annually. The Budget Officer and City Administrator review these requests; the requests serve as the starting point for developing a proposed budget. The government’s administrator then presents the proposed budget to the council for review prior to the first regularly scheduled meeting in May. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 22nd of the fiscal year. The appropriated budget is prepared by fund, function (i.e. public works), and department (i.e. engineering.)

Department heads may request transfers of appropriations within a department. Transfers of appropriations between departments and increases in departmental budget require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 67 as part of the basic financial statements for



the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 85.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which American Fork City operates.

Local economy. American Fork City currently has a mix of retail and light manufacturing. The City is climbing out of the recessionary period which proved to be hard on the City; significantly decreasing revenues and slowing the housing market. The City is currently seeing increases in sales tax revenues and increased interest in construction within the City.

Sales tax of the City is collected through the State. The State collects direct point of sale sales tax; the tax goes through an equation whereby the City receives directly one half of 1% of the direct point of sale, sales tax. The other half goes into a pool of sales tax and is re-distributed to all entities of the State based on population. The actual sales tax received by the City, because of the distribution formula, is less than 1%.

Major industries with headquarters or divisions located within the government's boundaries or in close proximity include software manufacturers, pharmaceuticals, food manufacturers, and automobile retail. The City also has a large health-based component with the American Fork Hospital located within the City's boundaries.

Utah County, which includes American Fork City, has an employed labor force of approximately 189,634, average wages were \$771 per week; according to the United States Bureau of Labor Statistics (<http://www.bls.gov/ro7/qcewut.htm#table1>.) American Fork has an employed labor force of approximately 11,618. The current unemployment rate for the State of Utah is 3.5% as of June 2014 (<http://jobs.utah.gov/wi/pubs/une/index.html>.)

Long-term financial planning. The governing council plans to develop an expanded regional park, near an existing regional park, "Art Dye Park." The City continues to look for funding options for the Art Dye Park development.

The City Council views the current lack of cemetery expansion as a primary issue to be addressed. Subsequent to the end of the fiscal year, the City Council approved a loan from the cemetery perpetual care fund to the capital improvement fund to expand and develop additional cemetery space.

Other projects for development include areas near the Utah Transit Authority, Front Runner train system. The developing area would be entitled "transit area development". Several studies and proposals have been submitted to the Council with an intended "mixed-use-development" flavor, utilizing retail and residential features.



Of major concern to the City is the maintenance and upkeep of the City road system. The City currently has approximately 112 lane-miles of road in the City. The current funding options for the upkeep and expansion of the road system are: B&C road funds, derived from a State-collected and distributed gas tax; impact fees, reserved for growth-related projects; and the road accrual fund, from property tax revenue, set aside for road improvements.

The City took forward a road bond proposition for inclusion on the November 2013 election ballot. The bond would have improved about 20% of the road system, with the infrastructure (water lines, sewer lines and storm drain system) below the roads. The proposition was not successful. The City is looking at other possible funding options.

The options the City has explored include: do nothing, increase property taxes, assess a road-utility fee, encourage the State to allow increased B&C gasoline tax assessments.

The City has conducted a water rate study on behalf of the water and sewer fund, which recommended rate adjustments to better meet operational and debt service financing for the secondary irrigation bonds. The first phase of the adopted rate adjustments took effect July 2012; scheduled rate adjustments were scheduled over five years.

The City is currently looking at the results of a sewer and storm rate study, to determine if/when utility rates from sewer and storm drain should be adjusted.

Other financial highlights, not otherwise discussed. Debt retirement continues to be a priority for the City. In April 2014, the City refunded the Police and Courts general obligation bonds.

The City continues to monitor opportunities for debt re-structuring and retirement. The City is currently looking at further refunding through the 2005 RDA sales tax revenue bonds.

As mentioned above, the City has concentrated efforts in establishing accrual accounts to accumulate funds for major projects. Some of the accrual accounts set-up by the City include: vehicle replacement accrual, streets accrual, and the downtown development accrual.

The effects of a strong sales tax base in the City continues to be a contributing factor to the City's ability to maintain its financial equilibrium. Although past recessionary changes in the economy have had a distinct effect on the City, the City has been able to maintain a somewhat stable budget, without the drastic fluctuations we've seen in some of our sister-communities. The City is showing an increasing sales tax base and building-related fees are increasing. The City continues to seek opportunities for further expansion of the sales tax base through private/public projects such as economic development areas.

Cash management policies and practices. Cash not used in current operations is invested in the Public Treasurer's Investment pool (PTIF). Short-term deposits are held at local banking institutions. Some of the City's short-term bank accounts include: the general operating account, the payroll account, the ambulance revenue account and other small, special purpose accounts.



As mentioned above, the City receives funding for road improvements through the State's class C road fund program. The funds are allotted funds from gasoline fee collections. The allocation is based on road-miles and population of the City. It is the City's policy to use class C road funds for road improvements prior to the use of City allocations.

American Fork City's unemployment insurance participation is self-funded and the City pays into the program based on assessments and billings through State Unemployment system, and employee applications for unemployment.

Risk Management. American Fork City has initiated a limited risk management program in conjunction with the workers compensation program and insurance program. Training opportunities have been offered to City employees in areas of health maintenance and safe work environment training. Department-specific training is provided to employees to prevent risks associated as per industry standards.

The City has invested significant funds in two sewer cleaning and videoing machines which have significantly decreased the occurrence of sewer back-ups, and reduced City liability in this area. The City also seeks to repair sewer lines to remedy infiltration issues that are prevalent in the aging infrastructure. We've experienced significant decreases in payments to the Timpanogos Special Service District which processes sewer for the City.

The City has recently begun a proactive approach to tree trimming in City parks and City-owned properties to decrease the potential risk associated with tree-accidents. The City has also put specific focus on safety inspections of playground equipment.

Pension and other postemployment benefits. American Fork City participates in the Utah State Retirement Program for the City's employees. The Retirement System is an agent plan for the benefit of American Fork City employees, being managed by the Utah State Retirement program. American Fork City has no obligation in connection with employee benefits offered through this plan beyond regular contractual payments to the Utah State Retirement System.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to American Fork City for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



51 EAST MAIN, AMERICAN FORK, UT 84003 (801)763-3000 FAX 801-763-3004

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the finance and administration departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report, as well as the help and support of our auditors, Gilbert and Stewart, Certified Public Accountants.

Credit must also be given to the Mayor and the governing body for their unfailing support for maintaining the highest standards of professionalism in the management of the American Fork City finances.

Respectfully submitted,

Cathy Jensen
Finance/Budget Officer

Craig Whitehead,
City Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**American Fork City
Utah**

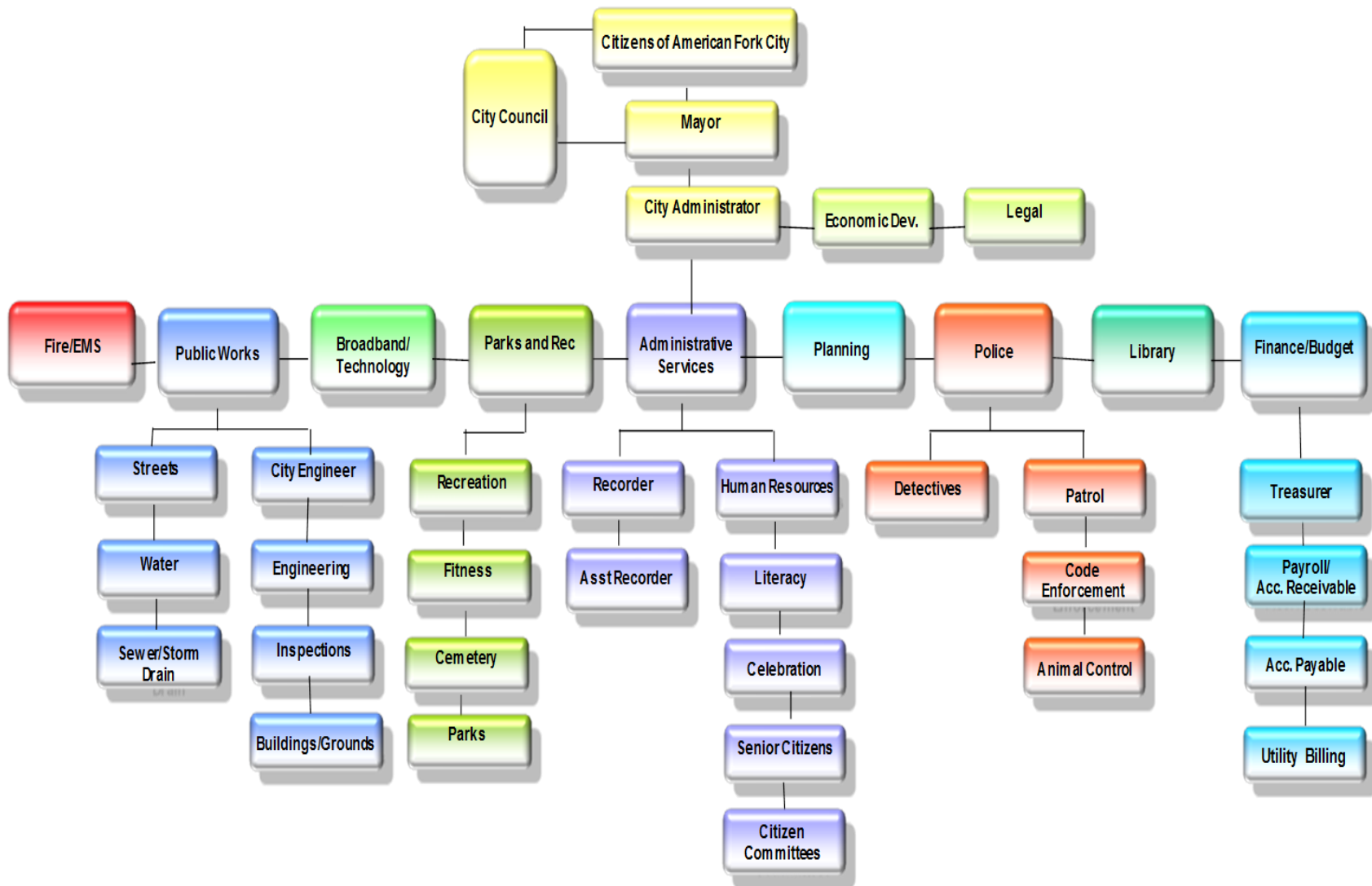
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

AMERICAN FORK CITY Organizational Chart





American Fork City

List of Elected and Appointed Officials

June 30, 2014

Elected Officials

Mayor	James H. Hadfield
Council Member	Clark Taylor
Council Member	Brad Frost
Council Member	Rob Shelton
Council Member	Jeffrey Shorter
Council Member	Carlton Bowen

Appointed Officials

City Administrator	Craig Whitehead
City Recorder	Richard Colborn
Deputy Recorder	Terilyn Lurker
City Treasurer	Amanda Durrant
Fire Chief	Kriss Garcia
Police Chief	Lance Call



Financial Section



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A. HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
American Fork City
American Fork, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of American Fork City, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of American Fork City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information.

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise American Fork City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2014 on our consideration of American Fork City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering American Fork City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Certified Public Accountants
Provo, UT 84601
December 18, 2014

Page Intentionally Left Blank



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of American Fork City, we offer readers of American Fork City's financial statements this narrative, discussion, overview and analysis of the financial activities of American Fork City for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets of American Fork City governmental activities exceeded the liabilities as of the close of the most recent year by \$86,215,384 (net position). Of this amount \$9,904,569 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- In the general fund, revenues exceeded expenditures by \$4,662,119, before inter-fund transfers.
- At the close of the fiscal year, the unassigned fund balance of the general fund totaled \$5,085,473 or 25% of total general fund revenues as per the Utah State directed calculation. State statutes allow a maximum unassigned fund balance of 25% of total general fund revenues.
- Property Tax Revenue from a property tax increase in 2007 helped finance an accrual account for road projects; the City continues to fund this accrual account at a rate of \$500,000 per year.
- The City is in the process of researching alternative revenue sources for funding road maintenance and reconstruction. Possible alternatives include: Do nothing, increased B&C road fund rates through the State, a road utility fee, increased property taxes.
- Sales tax revenue received by the City, on a cash-basis for the period of July 2013 through June 2014 showed an increase of 5% over the same period in the previous year. This percentage is showing a slight slowing-trend when compared to the previous period (July 2012 through June 2013) which had a 9% increase from the previous period.

An analysis of sales tax over time, shows not only an increase in the amount of sales tax received, but also a significant increase in the number of sales tax filers. Please see the "sales tax revenue payers by industry" schedule on page 127 to view the detail.

- Sales tax revenue, a major operating revenue of the City, continues to be a prime concern. Economic events continue to be monitored, and conservative revenue projections continue to be employed to help prepare for possible further economic downturns of the economy.
- In March 2013, the City was able to defease the outstanding balance of debt service on the 2003 broadband bond. This had the effect of decreasing the fund balance in the broadband fund. However, it is hoped that now the largest liability in the broadband fund has been retired, operating revenue and further gains from the sale of fiber lines will help reduce/eliminate the negative fund balance in the broadband fund.
- The City issued a refunding GO Police and Courts bond in April 2014 and was able to retire the 2004 GO Police and Courts in an effort to continue to reduce the outstanding bond liabilities of the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



GOVERNMENT-WIDE FINANCIAL STATEMENTS. The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the City, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the City changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*.) The governmental activities of the City include general government and administration, public safety, public works, library and cemetery. The business-type activities of the City include Water and Sewer, and the Broadband.

Please refer to the table of contents for the location of the government-wide financial statements.

FUND FINANCIAL STATEMENTS. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

GOVERNMENTAL FUNDS. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financial requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between government funds and government activities.

The City maintains 11 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service, capital projects, redevelopment agency and fitness center, all of which are considered to be major funds. Data from the other 7 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City’s governmental funds are:

General Fund
Debt Service Fund

Redevelopment Agency
Building Authority
Capital Improvements Fund (Capital Projects Fund)
Perpetual Care (Permeant Fund)

Alpine Special Improvement Fund (Capital Projects Fund)
Meadows Special Improvement Fund (Capital Projects Fund)
Fitness Center
Arts
Broadband
Downtown Redevelopment Fund



The City adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

A *Permanent fund* is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs; for the benefit of the government or its citizenry. The City's only permanent fund is the perpetual care fund, for the cemetery. These funds are restricted by legislative action (American Fork City Code 8.04.270). This code states that the corpus of the trust funds will stay in-tact in the trust; the interest portion of the cemetery revenue will be transferred to the general fund.

Please refer to the table of contents for the location of the basic governmental fund financial statements.

PROPRIETARY FUNDS. The City maintains one *proprietary fund* type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and broadband funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and broadband funds which are all considered to be major funds of the City.

FIDUCIARY FUNDS. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for *proprietary funds*. The City does not hold any fiduciary funds.

NOTES TO THE FINANCIAL STATEMENTS. The *notes* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

OTHER INFORMATION. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of American Fork City, assets exceed liabilities by \$141,078,844 (net position) at the close of fiscal year 2014.

An additional portion of the City's net position (approximately 4%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$17,398,248 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2014, the City is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.



AMERICAN FORK CITY NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Curr and other assets	\$20,675,716	\$21,551,587	\$11,485,809	\$11,340,393	\$32,161,525	\$32,891,980
Capital Assets (net)	83,091,253	81,830,646	90,788,142	90,254,061	173,879,395	172,084,707
Total assets	<u>103,766,969</u>	<u>103,382,233</u>	<u>102,273,951</u>	<u>101,594,454</u>	<u>206,040,920</u>	<u>\$204,976,687</u>
Current liabilities outstanding	1,774,062	1,700,489	3,573,286	4,724,036	5,347,348	\$6,424,525
Long term liabilities	12,328,847	14,319,641	43,837,203	45,051,546	56,166,050	59,371,187
Total liabilities	<u>14,102,909</u>	<u>16,020,130</u>	<u>47,410,489</u>	<u>49,775,582</u>	<u>61,513,398</u>	<u>65,795,712</u>
Net assets:						
Net investment in capital assets	71,127,403	68,037,854	47,049,142	45,995,991	118,176,545	114,033,845
Restricted	5,183,412	5,506,968	320,639	450,740	5,504,051	5,957,708
Unrestricted	9,898,103	8,920,179	7,493,681	5,372,141	17,391,784	14,292,320
Total net position	<u>\$86,208,918</u>	<u>\$82,465,001</u>	<u>\$54,863,462</u>	<u>\$51,818,872</u>	<u>\$141,072,380</u>	<u>\$134,283,873</u>

GOVERNMENTAL ACTIVITIES. Governmental activities increased the City's net position by \$3,743,917. The major contributor to this increase is the investment in capital assets. Some of those assets financed through governmental activities include: the purchase and improvements of the City's street-light system (\$415,600) and improvements to the City road and sidewalk system (\$1,469,000.)

The City exercised prudent management in the capital outlay expenses. Funding for capital assets was geared to assets, such as the fire truck capital lease and the purchase of police vehicles. The City recognizes that continued restraint in the funding of capital assets will not be possible. We believe it is in the best interest of the City to maintain a fleet of well-performing assets. Primary concern exists for the future funding of improvements to infrastructure in areas such as streets and water/sewer lines.

As described in the introduction, the City continues to search for resources to fund cemetery property, sidewalk, road improvements, and sewer and water infrastructure. In the 2015 adopted operating budget, the City Council approved a loan from the perpetual care fund to the capital improvement fund to allow for significant expansion and improvements to the City cemetery. This was approved subsequent to the end of the fiscal year.

Current sources of funds for road improvements include B&C road funds and the road accrual fund. The road accrual fund is made up of an annual allocation of property tax revenue. Impact fees are available for those road projects attributable to growth.

The City has contracted for and is currently in the process of conducting an impact fee study, to explore the option of assessing storm drain impact fees.

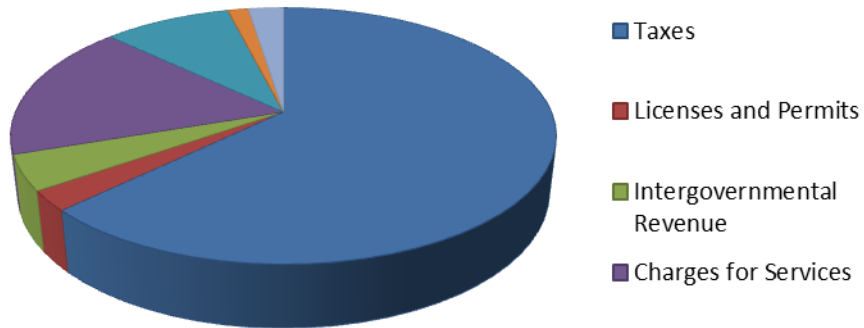
The City has conducted a water rate study to review water rates charged to citizens; the rate study was concluded in May 2012. The rate study suggested a scheduled increase of approximately 15% for residential water base rates the first year with smaller increases over the successive 5 years. Rate increases for commercial and secondary rates were also adopted. The City is currently undergoing a rate study for sewer and storm rates.

The rate studies are necessary to meet the challenges of decreasing impacts fees and increasing expenditures related to bond debt service and capital infrastructure needs. The City currently is dealing with aging infrastructure and is looking for creative funding methods to alleviate that problem.

A visual representation of the revenues by source:



REVENUES BY SOURCE General Fund For Period Ending June 2014

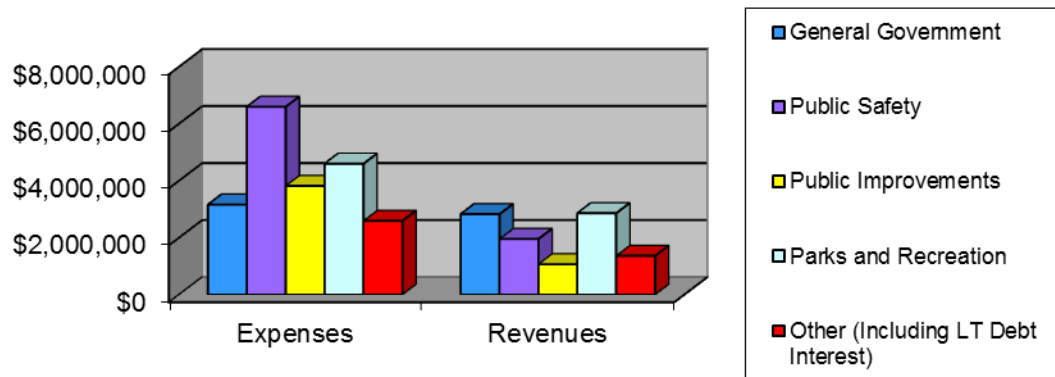


Remainder of page intentionally left blank



Expenses and Revenues for some program categories in governmental activities include the following:

PROGRAM EXPENSES AND REVENUES Governmental Activities For Period Ending June 2014



AMERICAN FORK CITY Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,418,241	\$ 8,778,719	\$ 13,623,621	\$ 10,730,226	\$ 22,041,862	\$ 19,508,947
Grants and contributions	1,629,794	4,748,980	563,106	1,536,480	2,192,900	6,285,460
General Revenues:						
Property taxes	5,606,622	5,497,187	-	-	5,606,622	5,497,187
Other taxes	8,411,281	8,003,722	-	-	8,411,281	8,003,722
Other	117,710	93,645	879,232	644,666	996,942	738,311
Total Revenues	24,183,648	27,122,253	15,065,959	12,911,372	39,249,607	40,033,627
Expenses:						
General government	20,756,122	19,754,808	-	-	20,756,122	19,754,808
Water and Sewer	-	-	11,385,465	11,136,987	11,385,465	11,136,987
Broadband	-	-	313,049	456,574	313,049	456,574
Total expenses	20,756,122	19,754,808	11,698,514	11,593,561	32,454,636	31,348,369
Increase in net position before transfers	3,427,526	7,367,445	3,367,445	1,317,811	6,794,971	8,685,258
Transfers	322,858	124,900	(322,858)	(124,900)	-	-
Increase in net position	\$ 3,750,384	\$ 7,492,345	\$ 3,044,587	\$ 1,192,911	\$ 6,794,971	\$ 8,685,258
Net Position-beginning	\$ 82,465,000	\$ 74,972,656	\$ 51,818,875	\$ 50,625,961	\$ 134,283,875	\$ 125,598,617
Net Position-ending	\$ 86,215,384	\$ 82,465,001	\$ 54,863,462	\$ 51,818,872	\$ 141,078,846	\$ 134,283,875

BUSINESS-TYPE ACTIVITIES. As shown above, the net position of Business-Type Activities totals \$54,863,462, which is approximately 40% of the City's net assets.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the year, the American Fork City's governmental funds reported combined ending fund balances of \$15,020,326. This is the total of all governmental funds (General Fund, Capital Projects Funds, Debt Service, Fitness Center and all other non-major governmental funds.)

Approximately 34 percent of the governmental fund balance amount (\$5,091,894) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for encumbrances 2) to pay for debt service 3) to pay for capital projects 4) has already been expended for capital assets or the funds have been assigned for other purposes.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$5,085,473.

The year-to-year increase in the general fund balance (\$5,439) is due to decreased spending through budgetary cuts and increased sales tax revenues.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. In the case of the general fund, all of the fund balance is unassigned. The total fund balance as a ratio of expenditures represents approximately 32% of the total general fund expenditures before transfers out. After transfers from the general fund, the unassigned fund balance represents 25% of expenditures.

Governmental Funds



Changes to other governmental funds, fund balance include: A decrease in RDA fund balance of \$116,552 to process the debt service payments on the RDA bonds, a \$57,182 increase in the fitness center from increased user fees, and a \$6,500 decrease in the Arts Fund, that represents the closing of that fund.

The 2013 fiscal year was the last year the City operated the Arts Council. Current and future budgets will contain a grant program whereby the components of the arts council (symphony, youth theater etc.) can apply to receive a grant. The Arts Council board will oversee the grant funds and the operations of the Arts Council.

The celebration fund balance increased \$14,950. A large portion of this increase is due to the conservative expenditures related to the "Big Show" City celebration. This year the celebration committee decided to hire local performers instead of a "big name" entertainment during the City's celebration, Steel Days.

The RDA fund is comprised of three redevelopment areas and one EDA (economic development area.)

Both the RDAs and EDAs generate revenue from property tax increment from both the City's portion of property tax and local taxing entities. The local taxing entities from the RDAs and EDAs are comprised of American Fork City, Nebo



School District, Utah State School District, Utah County, Central Utah Water District and North Utah County Water District.

In the EDA, the City is governed by two main documents; an agreement to develop land with the developer of the EDA, who was incentivized to install infrastructure to bring economic development to the area; and by the EDA documents, which allows the City to draw other local taxing entities' property tax increment to be applied to EDA and targeted housing areas.

The original EDA document contained a budget limiting the amount of tax increment the City could draw from the EDA areas, the balance of increment was returned to the taxing entities.

The developer of the EDA petitioned the City to increase the "budget" or limit of taxing revenue received from the EDA area, thereby increasing his portion of reimbursement for the infrastructure and adding an interest component to the equation. The City and the taxing entities agreed to amend both the EDA documents and the ADL. This will have the effect of bringing additional funds into the RDA fund and allowing the City to do additional capital projects to develop the EDA area. This will have a significant impact on future fund balances of the RDA fund.

PROPRIETARY FUNDS. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position, formally called "net assets," of the respective proprietary funds are Water and Sewer \$9,884,080, and Broadband (\$2,390,399).

Broadband. The Broadband continues to carry negative net assets. The City is aware of this and has implemented a plan to gradually improve this situation.

The City retired the Broadband sales tax revenue bonds in April of 2013. The City has progressively sold off fiber lines, including the inner-City network, in an effort to divest itself from the operations of the broadband system. The City maintains several fiber strands that run from Salt Lake, to Spanish Fork; a distance of approximately 46 miles.

The City, in addition to fiber "leases" to schools and private entities, has entered into several "IRUs" (Irrevocable rights of use). The IRUs are essentially "sale of assets" because the life of the IRUs exceeds the useful life of the fiber.

Funds received from the IRUs have been reserve-funded to accumulate enough funds to retire the broadband bonds.

The net effect of the use of reserved funds and the sale of the asset has been to reduce the net position of the broadband. The City is anticipating that the accumulation of lease revenues and continued contracts for IRUs will have the combined effect of bringing the net position in the broadband to a positive balance, over time. The position of the City in this has gained positive results. The total net position of the broadband system last year was (\$2,316,262) and this year it is (\$1,578,968) which the City views as significant positive strides in this issue.

Water and Sewer. In 2012 the City contracted for a rate study for City provided utility rates (culinary and secondary irrigation water.) Since that time, on an annual basis, the City has raised water rates in accordance with that study. The two primary purposes of the rate increases was to generate significant revenue to meet debt service obligations for the 2007 and 2008 secondary irrigation bonds and make improvements to the City's aging utility infrastructure.

BUDGETARY HIGHLIGHTS. The difference between the original budget and the final amended budget was a net increase of \$2,225,200 City-wide.

In making budgetary adjustments where possible, individual departmental budgets were examined to look for excess budget. The City continues to re-evaluate revenue streams and adjust expenditures throughout the fiscal year. Departments continue to be innovative in looking at ways to adjust their budgetary expenditures, to save money.



The majority of the adjustments made in the general fund were related to operational expenses, with an off-setting increase to some revenues such as sales tax revenue. Some changes in the budget may be summarized as follows:

\$1,076,000 increase in the general fund was due mainly to re-allocation of budget and adjustments for increased tax revenues, re-allocation of wages and a variety of operational expenses throughout the departments in the general fund. Some of these include:

- Tax revenue exceeded original budget in several areas. Among these areas, significant increases include: property taxes \$181,638, franchise taxes \$283,200, and sales tax \$35,000. Combined, these adjustments were able to off-set many of the general fund adjustments. Total adjustments in the original budget, to arrive at the final budget total. An increase of \$275,000 in the tax revenue area.
- Revenues associated mainly with building-related and other assessed fees increased \$143,000 over originally adopted budget.
- The major expenditure for the general fund came from transfers from the general fund to allow for the transfer or excess fund balance and to the capital improvement system to cover capital improvements and the purchase of the City's light system.
- Other areas of expenditures that exceeded original budget include: Streets and highways, through street and sidewalk projects; recreation which had increased expenditures and some off-setting increased revenues; and increased sanitation costs associated with increased contract pricing.
- The Fitness Center budget was increased to recognize additional operational expenses; this budgetary adjustment was covered with additional revenues.
- Budget adjustments were not made in the downtown special revenue fund, the celebration fund, the debt service fund, the water and sewer fund, the broadband fund, the perpetual care fund, the building authority or the redevelopment fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS. The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities and procuring equipment necessary for providing programs for the citizens of the City.

Major capital asset expenditures include the fire truck capital lease, the purchase of police vehicles, and expenditures on City infrastructure (roads, water, sewer, secondary irrigation).

The City has elected to use the modified approach to account for its infrastructure assets such as roads and bridges.

As allowed by GASB Statement No. 34, Basic Financial Statements, - and management's Discussion and Analysis – for State and Local Governments, the City has adopted the "modified approach" for reporting costs associated with certain infrastructure assets. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

The average remaining service life (RSL) for American Fork City roads, as assessed through the annual road inventory system is of the road is 7.85 years. The desired RSL for roads in American fork City is 12 years or greater. In order to raise the current RSL for the road system, the City is going investigating alternative funding sources for funding the road improvements.

Some of the alternatives for funding the road system include: do nothing, increased B&C road funds, a road system fee utility, increases in property taxes, grants and inter-local agreements.

During the proposed bond presentations, it was estimated that it would cost over \$22 million to bring a small portion of the road system to a maintainable level.



A primary concern of the City is the maintenance and upkeep of the City road system. Utah has dramatic seasonal changes with significant freezing/thawing and high temperatures. These climate conditions shorten the lives of roads.

The goal of the City is to find future funding of at least \$2 million dollars per year to contribute to the road system. This will not be possible however, without alternative financing method other than general fund revenues (impact fees, B&C road funds, property taxes and sales taxes.)

Further information about the City's modified approach can be found in the Required Supplementary Information section of the financial statements.

Remainder of page intentionally left blank



An analysis of the City's capital assets is as follows:

American Fork City Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$25,653,257	\$25,058,725	\$765,003	\$765,003	\$26,418,260	\$25,823,728
Infrastructure	32,615,351	36,898,402	-	-	32,615,351	36,898,402
Buildings & Improvements	37,501,520	37,079,402	99,729,918	98,377,644	137,231,438	135,457,046
Equipment	9,095,252	9,071,655	1,909,840	1,637,418	11,005,092	10,709,073
Construction in progress	-	-	-	-	-	-
Accumulated Depreciation	(21,774,127)	(20,508,169)	(30,297,373)	(28,050,078)	(52,071,500)	(48,558,247)
Water Stock	-	-	18,680,754	17,524,074	18,680,754	17,524,074
Total	<u>\$83,091,253</u>	<u>\$87,600,015</u>	<u>\$90,788,142</u>	<u>\$90,254,061</u>	<u>\$173,879,395</u>	<u>\$177,854,076</u>

Additional information on American Fork City's capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonded debt outstanding of \$55,246,780. The debt represents both general obligation bonds and revenue bonds secured solely by specified revenue sources (i.e. revenue bonds.)

American Fork City Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
G.O. Bonds	\$9,757,000	\$8,398,000	\$44,185,000	\$42,970,000	\$53,942,000	\$51,368,000
Revenue Bonds	3,612,000	3,109,780	800,000	769,000	4,412,000	3,878,780
Capital Lease	423,792	326,320	-	-	423,792	326,320
Other	526,849	456,070	66,546	98,202	593,395	554,272
Total	<u>\$14,319,641</u>	<u>\$12,290,170</u>	<u>\$45,051,546</u>	<u>\$43,837,202</u>	<u>\$59,371,187</u>	<u>\$56,127,372</u>

State statutes (Utah State Constitution, Article XIV, Section 4) limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the City; 4 percent for general obligation debt, and an additional 8 percent for water, light or sewer.

The current fair market value of the taxable property in the City is \$ 2,177,429,000. The current debt limitation for the City is \$210,001,000. American Fork City has general obligation debt of \$51,368,000.

Additional information on the long-term debt obligations of the City can be found in note 8, on pages 54-57.



Legal Debt Margin Calculation
Fiscal Year Ending June 2014

(dollars in thousands)

Assessed value	\$ 2,177,429
Debt limit (12% of assessed value)	261,291
Debt applicable to limit:	
General obligation bonds	51,368
Total net debt applicable to limit	<u>\$ 51,368</u>
Legal debt margin	<u><u>\$ 209,923</u></u>

Additional information on the City's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- American Fork City is located in Utah County. The unemployment rate for Utah County as of June 2014 was 3.5%. This rate is less than the reported US unemployment rate at that time of 6.1%, as provided by the Utah Department of Workforce Services. (<https://jobs.utah.gov/wi>.)
- There are approximately 150 acres of commercial property that continues to be developed in American Fork City. This development provides new sales and property tax to the City. The City actively encourages new development. The City also has implemented a "shop local" campaign to encourage residents to retain their tax dollars in the City.
- The City continues to exercise conservatism with regards to expenditures, employee compensation, capital improvements and capital assets. City administration continues to exercise creative ways to preserve as well as step up maintenance for assets and infrastructure. Some of the techniques the City uses for repairs and improvements of infrastructure include: street re-surfacing, in-house repairs of culinary water and sewer line repairs and alternative funding sources such as grants and Federal funding.
- One of the major budget issues on the horizon for the City is the implementation of the Affordable Care Act. Subsequent to 2012-13 fiscal year, the City hired 7 full-time firemen, one full-time swim coach, and has to restrict part-time hours to 30 hours per week. This has increased wage and benefit costs. The City continues to weigh the effects of the new legislation and find ways to adhere to its strictures.

REQUESTS FOR INFORMATION. The financial report is designed to provide a general overview of American Fork City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to American Fork City, Finance Officer, 51 East Main Street, American Fork City, Utah 84003.



Basic Financial Statements

AMERICAN FORK CITY
Statement of Net Position

June 30, 2014

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,690,296	\$ 9,214,747	\$ 20,905,043
Receivables (net of allowance)			
Accounts	820,950	903,872	1,724,822
Intergovernmental	204,454	-	204,454
Assessments	30,930	-	30,930
Taxes	5,005,095	-	5,005,095
Other	-	958,550	958,550
Internal balances	(88,000)	88,000	-
Inventory	38,495	-	38,495
Restricted cash and cash equivalents	2,973,494	320,639	3,294,133
Capital assets (net of accumulated depreciation):			
Land	24,926,328	765,003	25,691,331
Land Right of Way	726,929		726,929
Water stock	-	18,680,754	18,680,754
Buildings and improvements	37,501,520	99,729,918	137,231,438
Equipment	9,095,252	1,909,840	11,005,092
Infrastructure	32,615,351	-	32,615,351
Accumulated depreciation	(21,774,127)	(30,297,373)	(52,071,500)
Total assets	<u>103,766,967</u>	<u>102,273,950</u>	<u>206,040,917</u>
DEFERRED OUTFLOW OF RESOURCES			
Bonding refunding cost	51,218	-	51,218
LIABILITIES			
Outstanding checks in excess of deposits	-	2,872,549	2,872,549
Accounts payable and accrued liabilities	426,505	318,910	745,415
Accrued salaries, wages and benefits	193,433	3,919	197,352
Deposits	1,077,187	159,775	1,236,962
Due to other entities	-	36,821	36,821
Bond interest payable	76,937	181,312	258,249
Long term liabilities			
Due within one year	2,302,680	1,291,821	3,594,501
Due in more than one year	10,026,167	42,545,381	52,571,548
Total liabilities	<u>14,102,909</u>	<u>47,410,488</u>	<u>61,513,397</u>
DEFERRD INFLOW OF RESOURCES			
NET POSITION			
Unearned property taxes levied for future years	3,499,892	-	3,499,892
Net investment in capital assets	71,127,403	47,049,142	118,176,545
Restricted			
Impact fees	2,469,863	320,639	2,790,502
Non-Expendable	541,967	-	541,967
Redevelopment	2,171,582	-	2,171,582
Unrestricted	9,904,569	7,493,681	17,398,250
Total net position	<u>\$ 86,215,384</u>	<u>\$ 54,863,462</u>	<u>\$ 141,078,846</u>

See accompanying notes to the financial statements.

AMERICAN FORK CITY
Statement of Activities
For the Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,159,806	\$ 2,826,086	\$ -	\$ -	\$ (333,720)	\$ -	\$ (333,720)
Public safety	6,595,672	1,657,404	87,137	209,916	(4,641,215)		(4,641,215)
Public improvements	3,815,687	-	808,773	257,800	(2,749,114)		(2,749,114)
Parks and recreation	4,595,149	2,580,805	-	258,590	(1,755,754)		(1,755,754)
Other	2,126,310	1,353,946	7,578	-	(764,786)		(764,786)
Interest on long-term debt	463,498	-	-	-	(463,498)		(463,498)
Total governmental activities	20,756,122	8,418,241	903,488	726,306	(10,708,087)		(10,708,087)
Business-type activities:							
Sewer and water	11,385,465	13,406,241	-	563,106	-	2,583,882	2,583,882
Broadband	313,049	217,380	-	-	-	(95,669)	(95,669)
Total business-type activities	11,698,514	13,623,621	-	563,106	-	2,488,213	2,488,213
	<u>\$ 32,454,636</u>	<u>\$ 22,041,862</u>	<u>\$ 903,488</u>	<u>\$ 1,289,412</u>	<u>(10,708,087)</u>	<u>2,488,213</u>	<u>(8,219,874)</u>
General revenues:							
Property taxes					\$ 5,606,622	\$ -	\$ 5,606,622
General sales and use tax					6,235,351	-	6,235,351
Energy taxes					1,660,027		1,660,027
Franchise taxes					515,903	-	515,903
Gain (loss) on sale/retirement of assets					34,178	831,983	866,161
Interest earnings					83,532	47,249	130,781
Transfers					322,858	(322,858)	-
Total general revenues					14,458,471	556,374	15,014,845
Change in net position					3,750,384	3,044,587	6,794,971
Net position - beginning					82,465,000	51,818,875	134,283,875
Net position - ending					<u>\$ 86,215,384</u>	<u>\$ 54,863,462</u>	<u>\$ 141,078,846</u>

See accompanying notes to the financial statements.

AMERICAN FORK CITY
Governmental Funds
Balance Sheet
June 30, 2014

	General Fund	Capital Projects	Debt Service	Special Revenue Fitness Center	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,585,659	\$ 3,709,059	\$ 850,862	\$ 300,744	\$ 2,243,972	\$ 11,690,296
Receivables (net):						
Accounts	800,848	-	20,102	-	30,930	851,880
Taxes	5,005,095	-	-	-	-	5,005,095
Intergovernmental	204,454	-	-	-	-	204,454
Due from other funds	-	-	-	-	41,757	41,757
Inventory	22,724	-	-	12,192	3,579	38,495
Restricted cash		2,469,863	-	-	503,631	2,973,494
Total assets	<u>\$ 10,618,780</u>	<u>\$ 6,178,922</u>	<u>\$ 870,964</u>	<u>\$ 312,936</u>	<u>\$ 2,823,869</u>	<u>\$ 20,805,471</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Outstanding checks in excess of deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	273,701	60,187	-	51,948	40,058	425,894
Accrued salaries, wages and benefits	181,788	-	-	4,915	-	186,703
Accrued compensated absences	317,216	-	-	6,730	-	323,946
Due to other funds	41,757	88,000	-	-	-	129,757
Due to other entities	613	-	-	-	-	613
Deposits	1,077,187	-	-	-	-	1,077,187
Total liabilities	<u>1,892,262</u>	<u>148,187</u>	<u>-</u>	<u>63,593</u>	<u>40,058</u>	<u>2,144,100</u>
Deferred inflow of resources						
Unearned Property Tax-levied for future years	3,499,892	-	-	-	-	3,499,892
Unavailable property taxes-delinquent	141,153	-	-	-	-	141,153
Total liabilities	<u>3,641,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,641,045</u>
Fund Balances:						
Permanently Restricted For:						
Perpetual care	-	-	-	-	541,967	541,967
Redevelopment	-	-	-	-	2,171,582	2,171,582
Impact fees	-	2,469,863	-	-	-	2,469,863
Assigned for:						
Capital projects	-	3,560,872	-	-	-	3,560,872
Debt service fund	-	-	870,964	-	-	870,964
Municipal Building	-	-	-	-	624	624
Special revenue funds	-	-	-	249,343	63,217	312,560
Unassigned	5,085,473	-	-	-	6,421	5,091,894
Total fund balances	<u>5,085,473</u>	<u>6,030,735</u>	<u>870,964</u>	<u>249,343</u>	<u>2,783,811</u>	<u>15,020,326</u>
Total liabilities, deferred inflow of resource	<u>\$ 10,618,780</u>	<u>\$ 6,178,922</u>	<u>\$ 870,964</u>	<u>\$ 312,936</u>	<u>\$ 2,823,869</u>	<u>\$ 20,805,471</u>

See accompanying notes to the financial statements.

AMERICAN FORK CITY
Balance Sheet Reconciliation to Statement of Net Assets
June 30, 2014

Total fund balances - governmental fund types: \$ 15,020,328

Amounts reported for governmental activities in the statement of net assets are different because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets cost	\$ 104,865,380	
Net of accumulated depreciation	<u>(21,774,127)</u>	83,091,253

Long term assets are not available to pay for current period expenditures and, therefore are deferred in the governmental fund statements.

Delinquent property taxes		141,153
---------------------------	--	---------

Interest payable, but not yet due, on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental fund statements.

Interest payable		(76,937)
------------------	--	----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and are not included in the governmental fund statements.

Deferred Bond Costs (net of amortization)	51,218	
Due in one year	(2,266,180)	
Due in more than one year	<u>(9,745,451)</u>	<u>(11,960,413)</u>

Net assets of government activities		<u><u>\$ 86,215,384</u></u>
-------------------------------------	--	-----------------------------

AMERICAN FORK CITY
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Capital Projects	Debt Service	Special Revenue Fitness Center	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 12,779,577	\$ -	\$ -	\$ -	\$ 1,310,175	\$ 14,089,752
Licenses and permits	514,042	-	-	-	-	514,042
Intergovernmental	903,488	-	-	-	-	903,488
Charges for services	3,505,709	-	-	-	79,459	3,585,168
Other fees and services	1,840,971	-	-	1,740,904	-	3,581,875
Fines and forfeitures	296,228	-	-	-	-	296,228
Impact fees	-	686,594	-	-	-	686,594
Miscellaneous	475,105	15,612	-	-	-	490,717
Interest income	30,473	26,193	2,462	548	23,857	83,533
Total revenues	<u>20,345,593</u>	<u>728,399</u>	<u>2,462</u>	<u>1,741,452</u>	<u>1,413,491</u>	<u>24,231,397</u>
EXPENDITURES						
Current:						
General government	3,193,087	-	-	-	-	3,193,087
Public safety	6,234,622	-	-	-	-	6,234,622
Public improvements	2,229,438	-	-	-	957,449	3,186,887
Parks and recreation	2,006,020	-	-	2,086,837	118,589	4,211,446
Other	2,020,307	-	3,451	-	-	2,023,758
Debt service:						
Principal retirement	-	184,077	1,939,220	-	-	2,123,297
Interest and fiscal charges	-	6,847	461,450	-	-	468,297
Cost of Issuance	-	-	41,103	-	-	41,103
Capital Outlay						
General government	-	372,133	-	-	-	372,133
Public safety	-	367,915	-	-	-	367,915
Public improvements	-	1,415,798	-	-	-	1,415,798
Parks and recreation	-	468,725	-	-	-	468,725
Other	-	163,111	-	-	-	163,111
Total expenditures	<u>15,683,474</u>	<u>2,978,606</u>	<u>2,445,224</u>	<u>2,086,837</u>	<u>1,076,038</u>	<u>24,270,179</u>
Excess revenues over (under) expenditures	<u>4,662,119</u>	<u>(2,250,207)</u>	<u>(2,442,762)</u>	<u>(345,385)</u>	<u>337,453</u>	<u>(38,782)</u>
Other Financing Sources (Uses)						
Issuance of capital lease	-	199,684	-	-	-	199,684
Issuance of Refunding Bond	-	-	3,393,000	-	-	3,393,000
Payment to Refunded Escrow Agent	-	-	(3,346,100)	-	-	(3,346,100)
Transfers in	271,323	2,812,338	2,473,000	402,567	196,964	6,156,192
Transfers out	(4,928,003)	(268,200)	-	-	(637,133)	(5,833,336)
Total other financing sources and uses	<u>(4,656,680)</u>	<u>2,743,822</u>	<u>2,519,900</u>	<u>402,567</u>	<u>(440,169)</u>	<u>569,440</u>
Net change in fund balance	5,439	493,615	77,138	57,182	(102,716)	530,658
Fund balances - beginning of year	5,080,034	5,537,119	793,826	192,161	2,886,527	14,489,667
Fund balances - end of year	<u>\$ 5,085,473</u>	<u>\$ 6,030,734</u>	<u>\$ 870,964</u>	<u>\$ 249,343</u>	<u>\$ 2,783,811</u>	<u>\$ 15,020,326</u>

AMERICAN FORK CITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Reconciliation to Statement of Activities
June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 530,658
---	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset acquisitions	\$ 2,851,467	
Current year depreciation	<u>(1,614,959)</u>	1,236,508

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.

Capital contributions	(24,099)	
Cost of assets sold	<u>-</u>	24,099

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	(71,849)
---------------------------	----------

The issuance of long-term debt (e.g. bonds, leases,) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond and lease principal payments	5,421,626	
Refunding bond proceeds	(3,393,000)	
Lease Proceeds	(199,684)	
Deferred charge on refunding	<u>26,070</u>	1,855,012

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued compensated absences	166,128	
Accrued interest payable	<u>9,828</u>	<u>175,956</u>

Change in net assets of governmental activities	<u>\$ 3,750,384</u>
---	---------------------

AMERICAN FORK CITY
Proprietary Funds
Statement of Net Position
June 30, 2014

	Business-Type Activities - Enterprise		
	Sewer and Water Fund	Broadband Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,214,747	\$ -	\$ 9,214,747
Accounts receivable - net of allowance	894,390	9,482	903,872
Note receivable - current portion	5,447	500,000	505,447
Due from other funds	88,000	-	88,000
Total current assets	10,202,584	509,482	10,712,066
Noncurrent assets:			
Note receivable - long-term	453,103	-	453,103
Capital assets			
Land	765,003	-	765,003
Water stock	18,680,754	-	18,680,754
Buildings and improvements	98,530,769	1,199,149	99,729,918
Machinery and equipment	1,742,187	167,653	1,909,840
Less: accumulated depreciation	(29,742,002)	(555,371)	(30,297,373)
Total capital assets	89,976,711	811,431	90,788,142
Restricted cash and cash equivalents	320,639	-	320,639
Total noncurrent assets	90,750,453	811,431	91,561,884
Total assets	100,953,037	1,320,913	102,273,950
LIABILITIES			
Current liabilities:			
Outstanding checks in excess of deposits	-	2,872,549	2,872,549
Accounts payable and accrued expenses	305,443	13,467	318,910
Accrued salaries and benefits payable	3,430	489	3,919
Due to other entities	36,821	-	36,821
Bond interest payable	181,312	-	181,312
Long-term debt, current portion	1,282,000	-	1,282,000
Compensated absences	8,483	1,338	9,821
Total current liabilities	1,817,489	2,887,843	4,705,332
Noncurrent liabilities:			
Customer deposits	159,775	-	159,775
Long-term debt	42,457,000	-	42,457,000
Compensated absences	76,343	12,038	88,381
Total noncurrent liabilities	42,693,118	12,038	42,705,156
Total liabilities	44,510,607	2,899,881	47,410,488
NET POSITION			
Net investment in capital assets	46,237,711	811,431	47,049,142
Restricted - capital projects	320,639	-	320,639
Unrestricted	9,884,080	(2,390,399)	7,493,681
Total net position	\$ 56,442,430	\$ (1,578,968)	\$ 54,863,462

AMERICAN FORK CITY
Proprietary Funds
Statement of Revenues, Expenditures and Changes in Fund Net Position
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer and Water Fund	Broadband Fund	Total
Operating revenues:			
Charges for services	\$10,869,061	\$ 217,380	\$ 11,086,441
Pledged as security on revenue bonds	769,360	-	769,360
Other operating income	1,767,820	-	1,767,820
Total operating revenues	13,406,241	217,380	13,623,621
Operating expenses:			
Salaries, wages and employee benefits	1,350,030	197,401	1,547,431
Supplies and materials	466,403	35,137	501,540
Professional and technical	325,854	26,692	352,546
Depreciation and amortization	2,574,685	51,818	2,626,503
Other	4,738,041	2,001	4,740,042
Total operating expenses	9,455,013	313,049	9,768,062
Operating income	3,951,228	(95,669)	3,855,559
Nonoperating revenues (expenses):			
Interest revenue	46,270	979	47,249
Interest expense and fiscal charges	(1,930,452)	-	(1,930,452)
Gain on sale of assets	-	831,983	831,983
Total nonoperating revenues (expenses)	(1,884,182)	832,962	(1,051,220)
Net income (loss) before contributions and transfers	2,067,046	737,293	2,804,339
Capital contributions	24,296	-	24,296
Impact Fees	538,810	-	538,810
Transfers out	(322,858)	-	(322,858)
Total contributions and transfers	240,248	-	240,248
Change in net positions	2,307,294	737,293	3,044,587
Total net positions - beginning	\$54,135,136	\$ (2,316,261)	\$ 51,818,875
Total net positions - ending	\$56,442,430	\$ (1,578,968)	\$ 54,863,462

AMERICAN FORK CITY
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2014

Business-Type Activities - Enterprise Funds

	Sewer and Water	Broadband	Total BTAs
Cash Flows From Operating Activities			
Receipts from customers	\$ 13,335,171	\$ 241,292	\$ 13,576,463
Payments to suppliers	(5,861,824)	(50,823)	(5,912,647)
Payments to employees	(1,372,762)	(202,589)	(1,575,351)
Net cash provided (used) by operating activities	6,100,585	(12,120)	6,088,465
Cash Flows From Noncapital Financing Activities			
Change in outstanding checks in excess of deposits		(968,584)	(968,584)
Cash paid for deposits	-	-	-
Cash paid to other funds	(322,858)	-	(322,858)
Cash received from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	(322,858)	(968,584)	(1,291,442)
Cash Flows From Capital and Related Financing Activities			
Cash received for impact fees	538,810	-	538,810
Acquisition of capital assets	(3,284,029)	(10,275)	(3,294,304)
Sale of Capital assets	-	990,000	990,000
Principal paid on capital debt	(1,246,000)	-	(1,246,000)
Interest paid on capital debt	(1,749,140)	-	(1,749,140)
Net cash provided (used) by capital and related financing activities	(5,740,359)	979,725	(4,760,634)
Cash Flows From Investing Activities			
Interest and dividends received	46,270	979	47,249
Cash collected on note receivable	-	-	-
Net cash provided (used) by investing activities	46,270	979	47,249
Net increase (decrease) in cash and cash equivalents	83,638	-	83,638
Cash and cash equivalents - beginning	9,451,748	-	9,451,748
Cash and cash equivalents - ending	\$ 9,535,386	\$ -	\$ 9,535,386

AMERICAN FORK CITY
Proprietary Funds
Statement of Cash Flows (*Continued*)
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer and Water	Broadband	Total BTAs
<i>(Continued)</i>			
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,951,228	\$ (95,669)	\$ 3,855,559
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	2,574,685	51,818	2,626,503
(Increase) decrease in accounts receivable	(71,070)	23,912	(47,158)
Increase (decrease) in accounts payable	(366,844)	13,007	(353,837)
Increase (decrease) in accrued salaries and benefits	(51,507)	(8,070)	(59,577)
Increase (decrease) in due to other entities	(20,332)	-	(20,332)
Increase (decrease) in compensated absences	28,775	2,882	31,657
Increase (decrease) in deposits	55,650	-	55,650
Total adjustments	2,149,357	83,549	2,232,906
Net cash provided (used) by operating activities	\$ 6,100,585	\$ (12,120)	\$ 6,088,465
Noncash investing, capital, and financing activities			
Contributions from contractors for:			
Water and Sewer Improvements	\$ (24,296)	\$ -	\$ (24,296)
Total Contributions from Contractor	\$ (24,296)	\$ -	\$ (24,296)
Reconciliation of total cash and cash investments			
Cash and cash equivalents	\$ 9,214,747	\$ -	\$ 9,214,747
Restricted cash and cash equivalents	320,639	-	320,639
Total cash and cash investments	\$ 9,535,386	\$ -	\$ 9,535,386



Notes to the Financial Statements

The notes to the financial statements are included to provide information that is essential to the user's understanding of the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

American Fork City, Utah (City) was incorporated under the laws of the Territory of Utah in 1853. The City operates under a council-mayor form of government and provides the following broad range of services to its citizens: general administrative services, public safety (police and fire), highways and streets, sanitation, recreation and parks, public improvements, planning and zoning. It also operates the water and sewer utilities.

A. Accounting and Reporting Policies

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

B. Component Units

The City, for financial purposes, includes all of the funds and accounts relevant to the operations of American Fork City. The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis that the board is essentially the same as the City Council and the services are provided to the City. The City also facilitates the budget adoption, taxing authority, funding and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the American Fork Arts Council and the Redevelopment Agency and the Building Authority are included in the accompanying financial statements and reported in the American Fork Arts Council, Building Authority and Redevelopment Agency special revenue funds. These funds are considered to be blended component units.

Complete financial statements for each of the individual blended component units may be obtained at the American Fork City offices.

The accounts of Fox Hollow Golf Course and Timpanogos Special Service District are excluded from the accompanying financial statements because the entities are autonomous and have a self-elected board of directors responsible for their operations and the hiring of their management personnel. The City pays Timpanogos Special Service District for its share of services received. Timpanogos Special Service District receives payments from other nearby cities receiving these same services. Fox Hollow Golf Course was established in 1973 by American Fork City, Pleasant Grove City, and Lehi City. The Golf Course has its own board, with one member of the city council serving on that board. The City has guaranteed one third of the \$4,880,000 bond.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

C. Basis of Presentation

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from those statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of the given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most of the governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

The general fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt.

Capital Projects Fund

The capital projects fund is used to account for funds received and expended for the acquisition or construction of capital facilities, improvements, and equipment (other than those financed by proprietary funds.)

Fitness Center Fund

This fund accounts for the amounts received and expended for the operation of the fitness center.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

Sewer and Water Fund

The sewer and water fund is used to account for the provision of sewer and water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer and water system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt and capital improvements. All costs are financed through charges to utility customers.

Broadband Fund

The broadband fund is used to account for the provision of digital services to businesses and internet service providers within the network. Activities of the fund include administration, operations, and maintenance of the network system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt, and capital improvements. All costs will be financed through charges to internet service providers, business connections, and general fund transfers. A significant portion of the broadband system was sold in June 2008 to UTOPIA and a private company. See Note 19. The City continues to issue IRUs (Irrevocable rights of use) that are treated as “sale” of assets, because the term of the IRUs extend beyond the expected life of the asset.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, materials and supplies, and depreciation of capital assets. All revenue and expenses not meeting the definition are reported as non-operating revenues and expenses.

E. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets; and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers amounts collected within 60 days after year-end to be available. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, ambulance fees, safety contracts, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Assets, Liabilities, and Net Assets or Equity

1. Deposits and investments

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents for reporting purposes in the Statement of Cash Flows for the Proprietary Funds.

2. Receivables and payables and transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/due from other funds.”

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in both governmental and proprietary funds.

3. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Restricted, Committed, Assigned, and Unassigned Assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt services. It is the policy of the City to use assets in the following order: Restricted, committed, assigned, then unassigned assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest of \$2,655,909 has been capitalized during the construction period on property, plant and equipment in the governmental funds.

Assets having an original cost of \$5,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-50 years
Improvements other than buildings	20-50 years
Machinery and equipment	5-20 years
Infrastructure	40-60 years

The City has adopted an allowable alternative to reporting depreciation for its road and bridge networks. Under this alternative method, referred to as the “modified approach,” the City must maintain an asset management system and demonstrate that its roads and bridges are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

6. Compensated Absences

Compensated absences consist of vacation pay. The City accrues vacation pay when earned. Accrued vacation pay over 240 hours is forfeited on an annual basis.

The City has a policy which allows employees to buy back sick leave in excess of the maximum accumulation limit. Sick buy-back is limited to earned sick time over 480 hours.

Because of the management of compensated absences, the majority of vacation and sick pay earned is considered long-term see “Changes in long-term debt” schedule for more information on compensated absences.

Compensated absences liabilities are liquidated in the fund in which they are earned.

7. Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied and tax notices are sent on November 1. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by the City when they are collected. Property taxes and fees on licensed motor vehicles are collected on a monthly basis in the month in which the individual motor

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

vehicle license is renewed. Property taxes are billed and collected by Utah County on behalf of the City and remitted to the City monthly. At June 30, 2014, only delinquent taxes are uncollected.

In accordance with government accounting standards, a receivable and deferred revenue has been recorded for property taxes assessed at January 1, 2014 that will not be collected in the current fiscal year. These amounts are considered to be unavailable to pay for current resources.

8. Deferred Outflows/Inflows of Resources

Beginning with 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one Deferred Outflow, refunding bond costs.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *revenue for future year*, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2013 for the 2013-2014 Fiscal year.

9. Net Assets

Beginning with fiscal year 2011, the City implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*. The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor them. The City first determines and reports nonspendable balances, then restricted, then committed, and so forth. The City's governmental funds beginning balances have been restated to reflect the below classifications. Fund balance classifications are summarized as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Nonspendable. This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

Restricted. This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:

- a) Debt service
- b) Perpetual care
- c) Redevelopment
- d) Impact fees.

As a general rule, the City applies restricted resources to projects before applying unrestricted resources. A good example is in the application of B&C road funds which are restricted to specific projects related to B&C road maintenance; another example is the use of impact fees which are restricted to identified growth-related projects. These are used prior to using unrestricted funds.

Committed. This category includes amounts that can only be used for specific purposes established by formal action of the City Council. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City Council has not committed any fund balance amounts.

Assigned. This category includes General Fund balance amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. The policy to assign fund balance generally comes from the City Council as a formal action, during a noticed Council meeting or budget approval. This category also includes the remaining positive fund balance for other governmental funds. The City has assigned debt service requirement, Municipal building, special revenues, and capital projects.

Unassigned. Residual balances in the General Fund are classified as unassigned.

10. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at June 30, 2014 and revenues and expenses during the year then ended. The actual results could differ from those estimates.

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the City have legally adopted budgets.

The City Council approves by resolution the total budget appropriation by fund. The City Budget Officer is authorized to transfer budget amounts within departments of a fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council. A public hearing is held anytime an increase in total appropriations is made. The budget was amended in fiscal year 2014. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

NOTE 3 – DEPOSITS AND INVESTMENTS

The City follows the requirements of the Utah Money Management Act (*Utah Code* Annotated 1953, Section 51, Chapter 7) and the rules of the Utah Money Management Council (the Council). Following are discussions of the City's exposure to various risks related to its cash management activities.

While the City's carrying amount of deposits was \$21,326,626 the balance in the City's bank accounts and cash on hand was \$21,928,368 with the difference being due to outstanding checks and deposits in transit.

Custodial Credit risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured up to a mandatory limit by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2014 the deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk Risk</u>	<u>Balance June 30, 2013</u>
Checking Account	Insured	\$ 812,340
Savings Accounts	Insured	275,418
Checking Accounts	Uninsured	<u>1,686,367</u>
Total Deposits		<u>\$ 2,774,126</u>

Investments. Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As with Deposits, the City's policy for managing custodial credit risk of investments is to adhere to the Money Management Act.

NOTE 3 – DEPOSITS AND INVESTMENTS *(Continued)*

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investments securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's; bankers' acceptances; obligations of the U.S. treasury and U.S government-sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations defined in the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

The fair value of the PTIF balance approximates the cost; the difference is \$105,442, which is considered immaterial. The fair value of the City's position in the PTIF is the same as the value of the pool shares.

The following are the City's investments as of June 30, 2014:

<u>Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Utah Public Treasurer's Invstmnt Fund	\$ 19,149,695	\$ -	\$ -	\$ -	\$19,149,695
Total Investments	<u>\$ 19,149,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$19,149,695</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed-rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted above. The City's cash and cash equivalents include \$2,973,494 of restricted cash for debt services, capital projects, and cemetery care (see governmental funds balance sheet, pg. 31).

NOTE 4 –RECEIVABLES

Receivables as of year-end for the government’s individual funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Downtown Redevelopment	Perpetual Care	Sewer and Water	Broadband	Total
Receivables:							
Accounts	\$ 811,793	\$ 20,103	\$ -	\$ 3,000	\$ 983,786	\$ 10,537	\$ 1,829,219
Taxes	5,005,095	-	-	-	-	-	5,005,095
Intergovernmental	204,454	-	-	-	-	-	204,454
Other	-	-	27,930	-	458,550	500,000	986,480
Less allowance	(10,945)						(10,945)
for uncollectible Accounts	-	-	-	-	(89,396)	(1,054)	(90,450)
	<u>\$ 6,010,397</u>	<u>\$ 20,103</u>	<u>\$ 27,930</u>	<u>\$ 3,000</u>	<u>\$ 1,352,940</u>	<u>\$ 509,483</u>	<u>\$ 7,923,853</u>

The “other receivable” in the sewer and water fund consists of a \$458,550 note receivable from Heritage Care Center (See Note 17). The other receivable in the broadband fund consists of a \$500,000 note receivable from American Fiber for the sale of the broadband system (See Note 18).

During the year, accounts determined to be worthless and uncollectible are charged against the allowance.

The interfund balances at June 30, 2014 consisted of the following:

	Due to	Due from
General fund	\$ 41,757	\$ -
Capital Projects fund	88,000	-
Perpetual Care fund	-	41,757
Sewer and Water fund	-	88,000
Total	<u>\$ 129,757</u>	<u>\$ 129,757</u>

The balance due to the sewer and water fund is for loans for capital projects that will be repaid from debt proceeds. The balance due from the sewer and water is for a project in the RDA area that was contributed from the RDA. The balance due to the other government funds is because of the timing of the interest income transferred from the general fund and other miscellaneous transactions that will be paid during the next fiscal year.

Remainder of page intentionally left blank

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ended June 30, 2014 consisted of the following:

	Transfers Out				Total
	General	Capital Projects	Nonmajor Governmental	Sewer and Water	
Transfer In:					
General	\$ -	\$ -	\$ 59,132	\$ 212,191	\$ 271,323
Capital Projects	2,812,338	-	-	-	2,812,338
Debt Service	1,535,200	268,200	578,000	91,600	2,473,000
Fitness Center	383,500	-	-	19,067	402,567
Nonmajor Govtl.	196,964	-	-	-	196,964
Sewer and Water	-	-	-	-	-
Broadband	-	-	-	-	-
Total Transfers:	<u>\$ 4,928,002</u>	<u>\$ 268,200</u>	<u>\$ 637,132</u>	<u>\$ 322,858</u>	<u>\$ 6,156,192</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund or the fund remitting the debt service payments as they become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Governmental funds report *deferred inflows (formerly referred to as deferred revenue)* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable (general fund)	\$ -	\$ 3,499,892
Delinquent Property Taxes (general fund)	141,153	
Total deferred/unearned revenue for govrnm'tl funds	<u>\$ 141,153</u>	<u>\$ 3,499,892</u>

Remainder of page intentionally left blank

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government	Beginning				Ending
Governmental activities:	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Land	\$ 24,331,796	\$ 594,532	\$ -	\$ -	\$ 24,926,328
Land Right of Way	726,929	-	-	-	726,929
Road network	19,664,118	1,191,328	-	-	20,855,446
Bridge network	1,353,714	-	-	-	1,353,714
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>46,076,557</u>	<u>1,785,860</u>	<u>-</u>	<u>-</u>	<u>47,862,417</u>
Capital assets being depreciated:					
Buildings and improvements	36,910,037	591,483	-	-	37,501,520
Equipment	9,060,021	384,231	-	(349,000)	9,095,252
Curb and gutter	10,292,199	113,992	-	-	10,406,191
Total capital assets being depreciated	<u>56,262,257</u>	<u>1,089,706</u>	<u>-</u>	<u>(349,000)</u>	<u>57,002,963</u>
Less accumulated depreciation for:					
Building and improvements	10,157,295	864,206	-	-	11,021,501
Equipment	6,079,023	490,858	-	(349,000)	6,220,881
Curb and gutter	4,271,850	259,895	-	-	4,531,745
Total accumulated depreciation	<u>20,508,168</u>	<u>1,614,959</u>	<u>-</u>	<u>(349,000)</u>	<u>21,774,127</u>
Total capital assets, being depreciated, net	<u>35,754,089</u>	<u>(525,253)</u>	<u>-</u>	<u>-</u>	<u>35,228,836</u>
Governmental activities capital assets, net	<u>\$ 81,830,646</u>	<u>\$ 1,260,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,091,253</u>

Remainder of page intentionally left blank

NOTE 6 – CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 765,003	\$ -	\$ -	\$ -	\$ 765,003
Water Stock	17,524,074	1,156,680	-	-	18,680,754
Total capital assets not being depreciated	18,289,077	1,156,680	-	-	19,445,757
Capital assets being depreciated:					
Buildings and improvements	98,377,644	1,889,497	-	(537,223)	99,729,918
Equipment	1,637,417	272,423	-	-	1,909,840
Total capital assets being depreciated	100,015,061	2,161,920	-	(537,223)	101,639,758
Less accumulated depreciation for:					
Buildings and improvements	26,630,494	2,510,710	-	(379,206)	28,761,998
Machinery and equipment	1,419,582	115,793	-	-	1,535,375
Total accumulated depreciation	28,050,076	2,626,503	-	(379,206)	30,297,373
Total capital assets, being depreciated, net	71,964,985	(464,583)	-	(158,017)	71,342,385
Business-type activities capital assets, net	<u>\$ 90,254,062</u>	<u>\$ 692,097</u>	<u>\$ -</u>	<u>\$ (158,017)</u>	<u>\$ 90,788,142</u>

A decrease in the "buildings and Improvements" section of the capital assets schedule reflects a sell of broadband fiber.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 20,130
Public safety	384,933
Public Improvements	684,797
Parks and recreation	412,836
Other	112,263
Total depreciation expense - Governmental Activities	<u>\$ 1,614,959</u>

Business-type activities:

Sewer and water	\$ 2,574,685
Broadband	51,818
Total depreciation expense - Business-Type Activities	<u>\$ 2,626,503</u>
Total depreciation expense	<u>\$ 4,241,462</u>

Remainder of page intentionally left blank

NOTE 7 – LEASE COMMITMENTS

The City entered into a capital lease agreement with SunTrust in June 2011 to purchase two Ambulances for the public safety department. The City financed the purchase over 48 months at a stated rate of 2.92% with annual payments of \$116,376 through July 15, 2014. The lease is secured by the ambulances. The vehicles are recorded at \$433,460 with \$108,543 accumulated amortization.

The City entered into a capital lease agreement in November 2014 to purchase several police vehicles for the public safety department. The City financed the purchase over 36 months at a stated interest rate of 1.22% with a down payment of \$39,000 and annual payments of \$53,811 through February 2016. The lease is secured by the vehicles. The Vehicles are recorded at \$144,680 with \$6,798 accumulated amortization.

The City entered into a capital lease agreement December 2011 to purchase a new fire truck for the public safety department. The City financed the purchase over 48 months with a stated interest rate of 2.085%. with annual payments of \$107,919 through December 2015. The lease is secured by the vehicle. The vehicle is recorded at \$565,081 with \$33,286 accumulated amortization.

The City entered into a capital lease agreement April 2014 to purchase a first responder vehicle for the public safety department. The City financed the purchase over 48 months with a stated interest rate of 1.090%. with \$27,000 down and annual payments of \$9,549 through April 2017. The lease is secured by the vehicle. The vehicle was not available at the end of the fiscal year (June 30, 2014) to take possession; the vehicle will be recorded as an asset on the City's books when it is received.

Amortization of capital assets purchased under capital leases is included in depreciation.

Capital leases future debt service requirements:

Lease Arrangements		
Year	Governmental	Business
2015	\$ 287,655	\$ -
2016	171,279	-
2017	9,549.45	-
2018	-	-
Total minimum lease payments	\$ 468,484	\$ -
Amount representing interest	(12,414)	
Present value of minimum lease payments	456,070	-
Amount due within one year	(278,402)	-
Long term capital lease payable	<u>\$ 177,668</u>	<u>\$ -</u>

Remainder of page intentionally left blank

NOTE 8 – LONG TERM DEBT

Bonds and notes payable at June 30, 2014 are comprised of the following:

	<u>Governmental</u>	<u>Business-type</u>
General Obligation Bonds		
\$3,393,000 General Obligation Bond, due in annual installments on June 1 of \$540,000 to \$590,000 from 2014 to 2020. Interest at 1.530% due in semi-annual payments on December 1 and June 1.	\$ 3,393,000	\$ -
\$5,545,000 General Obligation Bond, due in annual installments on June 1 of \$445,000 to \$690,000 from 2005 to 2017. Interest at 4.0% to 5% due in semi-annual payments on December 1 and June 1.	2,555,000	
\$1,650,000 General Obligation Refunding Bond, due in annual principal payments and semi-annual interest payments beginning December 2011 through June 2021. The bond carries a variable interest rate ranging from .067-3.00%.	1,175,000	
\$8,250,000 General Obligation Bond, due in annual installments on May 1 of \$290,000 to \$545,000 from 2011 to 2035. Interest at 4% to 4.75% due in semi-annual payments on November 1 and May 1.		7,445,000
\$1,517,000 General Obligation Refunding Bond, due in annual installments on September 1 of \$242,000 to \$265,000 from 2013 to 2019. Interest at 1.550% due in semi-annual payments on September 1 and March 1.	1,275,000	
\$38,700,000 General Obligation Bond, due in annual installments on May 1 of \$300,000 to \$2,605,000 from 2011 to 2035. Interest at 3.5% to 5% due in semi-annual payments on November 1 and May 1.	_____	<u>35,525,000</u>
Total General Obligation Bonds	<u>\$ 8,398,000</u>	<u>\$ 42,970,000</u>

Remainder of page intentionally left blank

NOTE 8 – LONG TERM DEBT (Continued)

General Obligation Bonds future debt service requirements:

Year Ending June 30,	Governmental Activities		Business-Type	
	Principal	Interest	Principal	Interest
2015	\$ 1,530,000	\$ 212,688	\$ 1,250,000	\$ 2,051,628
2016	1,588,000	164,842	1,280,000	2,005,471
2017	1,635,000	118,455	1,345,000	1,941,471
2018	1,690,000	69,507	1,405,000	1,174,221
2019	1,015,000	36,121	1,470,000	1,818,031
2020-2024	940,000	31,540	8,510,000	7,952,281
2025-2029	-	-	10,810,000	5,663,281
2030-2034	-	-	13,750,000	2,732,263
2035-2039	-	-	3,150,000	146,369
Total	<u>\$ 8,398,000</u>	<u>\$ 633,153</u>	<u>\$ 42,970,000</u>	<u>\$ 25,485,016</u>

The general obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. The general revenues of the City are contingently liable for the general obligation bonds that are currently outstanding and recorded as obligations of the business-type activities. The full faith and credit of the City is pledged to redeem these bonds if revenues from the proprietary funds are insufficient to meet the obligations. There are a number of covenants and restrictions contained in the revenue bonds. The City was in compliance with all significant covenants and restrictions related to the bonds at June 30, 2014.

Advanced Refunding. The City issued \$3,393,000 in general obligation bonds with an interest rate of 1.530%. The proceeds were used to advance refund \$3,379,998 of outstanding 2004 general bonds with interest rates ranging from 3.875% to 4.1%. The net proceeds of \$3,379,997.50 (after payment of \$41,102.50 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2004 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$31,100. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt.

The government advance refunded the 2004 general obligation bonds to reduce its total debt service payments over six years by \$244,434.22 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$234,158.27

NOTE 8 – LONG TERM DEBT (Continued)

	<u>Governmental</u>	<u>Business-type</u>
Revenue Bonds		
\$800,000 2013 Water Revenue Bond, due in annual installments on January 1 of \$51,825 to \$52,720 from 2013 to 2033. Interest at 2.69% to 5.6% due in annual payments on January 1.	\$ -	\$ 769,000
\$1,092,000 Sales Tax Revenue Bonds, due in annual Installments from April 2013 through October 2019. Interest due in semiannual installments April and October.	1,054,780	
\$5,810,000 2005 Sales Tax Revenue Bonds, due in annual installments on March 1 of \$300,000 to \$465,000 from 2005 to 2019. Interest at 3.5% to 5% due in semi-annual payments on March 1 and September 1	<u>2,055,000</u>	
Total Revenue Bonds	<u>\$ 3,109,780</u>	<u>\$ 769,000</u>

Revenue bonds future debt service requirements:

Year Ending June 30,	Governmental Activities		Business-Type	
	Principal	Interest	Principal	Interest
2015	\$ 457,778	\$ 122,489	\$ 32,000	\$ 20,686
2016	468,345	138,692	32,000	19,825
2017	438,920	81,451	33,000	18,965
2018	454,504	63,275	34,000	18,077
2019	430,097	44,443	35,000	17,162
2020-2024	860,136	12,902	190,000	71,151
2025-2029	-	-	217,000	35,224
2030-2034	-	-	196,000	13,369
2035-2039	-	-	-	-
Total	<u>\$ 3,109,780</u>	<u>\$ 463,252</u>	<u>\$ 769,000</u>	<u>\$ 214,458</u>

Remainder of page intentionally left blank

NOTE 8 – LONG TERM DEBT (Continued)

The future debt service requirements for all outstanding bond and note obligations as of June 30, 2014 are as follows:

Year Ending June 30,	Governmental Activities		Business-Type	
	Principal	Interest	Principal	Interest
2015	\$ 1,987,778	\$ 335,177	\$ 1,282,000	\$ 2,072,314
2016	2,056,345	303,534	1,312,000	2,025,297
2017	2,073,920	199,906	1,378,000	1,960,436
2018	2,144,504	132,781	1,439,000	1,192,298
2019	1,445,097	80,564	1,505,000	1,835,193
2020-2024	1,975,136	44,442	8,700,000	8,023,432
2025-2029	-	-	11,027,000	5,698,505
2030-2034	-	-	13,946,000	2,745,632
2035-2039	-	-	3,150,000	146,369
Total	<u>\$ 11,682,780</u>	<u>\$ 1,096,405</u>	<u>\$ 43,739,000</u>	<u>\$ 25,699,475</u>

Changes in long-term debt are as follows:

	July 1, 2013	Additions	Reductions	June 30, 2014	Due in One Year
Governmental Activities:					
General obligation bonds	\$ 9,757,000	\$ 3,393,000	\$ 4,752,000	\$ 8,398,000	\$ 1,530,000
Revenue bonds	3,612,000	-	502,220	3,109,780	457,778
Capital leases	423,792	199,684	167,406	456,070	278,402
Compensated absences	526,849	-	161,853	364,996	36,500
Gov't Activities long-term	<u>\$ 14,319,641</u>	<u>\$ 3,592,684</u>	<u>\$ 5,583,479</u>	<u>\$ 12,328,846</u>	<u>\$ 2,302,680</u>
Business-Type Activities:					
General obligation bonds	\$ 44,185,000	\$ -	\$ 1,215,000	\$ 42,970,000	\$ 1,250,000
Revenue bonds	800,000	-	31,000	769,000	32,000
Compensated absences	66,546	-	31,656	98,202	9,821
Business-type long-term	<u>\$ 45,051,546</u>	<u>\$ -</u>	<u>\$ 1,277,656</u>	<u>\$ 43,837,202</u>	<u>\$ 1,291,821</u>

Remainder of page intentionally left blank

NOTE 9 - RETIREMENT PLANS

State Retirement

American Fork City contributes to the Local Governmental Noncontributory Retirement System and the Public Safety Retirement System for employers with social security coverage. These retirement systems are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code* Annotated 153 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

In the Public Employees Contributory Retirement System Tier 2, American Fork City is required to contribute 15.58% of annual covered salary on behalf of participants. In the Local Governmental Noncontributory Retirement System Tier 1, the City is required to contribute 17.29% of annual covered salary on behalf of participants. In the Public Safety Noncontributory Retirement System Tier 1 American Fork City is required to contribute 32.14% of annual covered salary on behalf of participants in the Public Safety Retirement System. In the Public Safety Contributory Retirement System Tier 2 American Fork City is required to contribute 21.94% of annual covered salary on behalf of participants in the Public Safety Retirement System. In the Firefighters Retirement System Tier 1, members are required to contribute 18.08% of their covered annual salary all of which is paid for the employee by the employer. In the Firefighters Retirement System tier 2, the City is required to pay 12.11% of the employees annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

American Fork City's contributions have been as follows:

	Governmental Activities		
	2014	2013	2012
Local Government-Contributory (Tier 2)	\$ 25,116	\$ 19,193	\$ 6,339
Local Government-Noncontributory (Tier 1)	703,238	602,542	543,277
Public Safety-Contributory (Tier 2)	17,661	13,795	2,877
Public Safety-noncontributory (Tier 1)	462,318	402,629	374,528
Firefighters-Division A (Tier 1)	10,422	8,141	48,170
Firefighters-Division B (Tier 2)	34,986	5,175	1,117
Defined Contribution System (401(k))	10,205	6,329	2,605
	<u>\$ 1,263,945</u>	<u>\$ 1,057,803</u>	<u>\$ 978,913</u>

The contributions were equal to the required contributions for each year.

NOTE 9 - RETIREMENT PLANS (*Continued*)

Cafeteria/Deferred Compensation Plans

The City offers a cafeteria plan to all full-time employees to fund a variety of employee benefit programs including a 401K plan, life insurance, disability insurance, health insurance, and other benefits.

Also, the City has established a voluntary deferred compensation program pursuant to Section 457 of the Internal Revenue Code. In accordance with Governmental Accounting Standards Board Statement 32 (GASB No. 32), the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries.

Remainder of page intentionally left blank

NOTE 10– DEFICIT NET ASSETS

For the year ended June 30, 2014, the City had negative net assets in the broadband fund. During fiscal year 2003, an existing high-speed broadband system was purchased from a private company. The City began providing wholesale services to internet providers during fiscal year 2003. A significant portion of the broadband assets were sold to UTOPIA and a private company in June 2008. The City has since issued more IRUs (Irrevocable rights of use) that extend beyond the useful life of the asset, so are treated in the financial statements as a “sale” of assets. The City is currently reviewing their options to address the negative net assets.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies which the City pays in the event of any loss. There have been no significant reductions in the coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The City also has purchased a workers’ compensation policy.

NOTE 12 – REDEVELOPMENT AGENCY DISCLOSURES

In accordance with Section 17A-2-1217(3), the following information is provided for the Redevelopment Agency Fund:

A) The tax increment collected by the Redevelopment Agency Fund was as follows:

West Side	\$88,576
East Side	74,718
Business Park	710,297
Egg Farm	436,583

B) There were no tax increments paid to any taxing agency pursuant to section 17A-2-1258 during the year ended June 30, 2014.

C) The outstanding principal amount of bonds issued or other loans incurred to finance the costs associated with the project areas are as follows:

Sales Tax Revenue Bond	\$2,055,000
------------------------	-------------

NOTE 12 – REDEVELOPMENT AGENCY DISCLOSURES *(Continued)*

D) The following amounts were expended during the year ended June 30, 2014:

Property acquisition	\$393,011
Site improvements	535,140
Administrative costs	26,657

NOTE 13 – LEASE ARRANGEMENTS

The City entered into an agreement with the State of Utah to lease office and court space to the Fourth Judicial District and Juvenile Courts. The lease agreement is through September 30, 2022, with five year renewal options. The annual lease payment is \$349,300. The operating and maintenance portion is currently being adjusted to reflect the City's actual costs.

The future lease payments are as follows:

Year	Amount
2015	\$ 349,300
2016	349,300
2017	349,300
2018	349,300
2019-2022	1,397,200
	<u>\$ 2,794,400</u>

Remainder of page intentionally left blank

NOTE 14 – SALE OF HOSPITAL – NOTE RECEIVABLE

The City sold the old hospital building to the tenant Heritage Care Center for \$2,686,964 in July 2003.

The City is financing \$492,000 of the sales price. The City's loan is secured by a second position interest in the building. The City's security is subordinate to the U.S. Department of Housing and Urban Development (HUD), which holds the first position interest.

Repayment of the note is subject to Heritage Care Center being in a surplus cash position as defined by their regulatory agreement with HUD. The City collected \$4,636 toward the principal on the note as well as interest in fiscal year 2014. The note receivable is recorded in the sewer and water fund.

Scheduled principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 5,447	\$ 36,487	\$ 41,934
2016	5,899	36,035	41,934
2017	6,388	35,546	41,934
2018	6,918	35,015	41,934
2019	7,493	34,441	41,934
2019-2023	36,728	131,007	167,735
2023-2027	50,525	117,210	167,735
2027-2031	69,505	98,230	167,735
2031-2035	95,616	72,119	167,735
2035-2039	131,536	36,199	167,735
2039-2041	42,495	1,972	44,467
Total	<u>\$ 458,550</u>	<u>\$ 634,261</u>	<u>\$ 1,092,811</u>

NOTE 15 – SALE OF BROADBAND ASSETS

On June 6, 2008, the City entered into an agreement with American Fiber, Inc. to sell the in-city fiber network, equipment, and receivables for \$500,000. The City financed the note with American Fiber, Inc. The terms are monthly interest-only payments at 12% beginning July 1, 2008, with the principal due on December 31, 2012. The note is secured by the system assets that were sold. On September 24, 2014, the note was extended with an interest rate of 12% accruing monthly.

The City still owns the governmental portion of the network, which is approximately one-third of the original system.

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 18, 2014, the date the financial statements were available to be issued.

NOTE 17 – LITIGATION

The City is a defendant in certain legal actions, pending actions, or in the process for miscellaneous claims. The ultimate liability which might result from the final resolution of the above matters is not presently determinable. City management is of the opinion the final outcome of the cases will not have an adverse effect on the City's financial statements.

Remainder of page intentionally left blank



Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by GASB, but are not considered part of the basic financial statements. Such information includes:

Modified Approach

- Asset Management System Reporting
- Road Network
- Bridge Network

Budgetary Comparison Schedules

- General Fund
- Fitness Center

AMERICAN FORK CITY
Required Supplementary Information
Modified Approach – Asset Management System

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the City has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

For budgetary comparison, the schedules are presented in a basis that is consistent with GAAP.

In order to utilize the modified approach, the City is required to:

Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.

Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.

Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.

Document whether the infrastructure assets are being preserved approximately at or above the condition level established by the City.

Road System

The condition of the City’s 111.6 miles of road pavement is measured using the Distress Identification Manual for Long-Term Pavement Performance Projects published by the Strategic Highway Research Program (SHRP), which is based on a weighted average of seven distress factors found in pavement surfaces. The pavement management system uses a measurement scale that is based on a condition index ranging from 0 to 20 years remaining service life for pavement. The condition index is used to classify roads in the following remaining service life categories: 19 to 20 years, 13 to 18 years, 9 to 12 years, 7 to 8 years, and 0 to 6 years. It is the City’s policy to maintain the roads with an average remaining service life of 12 years or greater. The initial condition assessment was performed in fiscal year 2001 and yielded an average remaining service life (RSL) of 8.5 years. The 2004 assessment indicated an average RSL of 9.23 years. The 2007 assessment indicated an average RSL of 7.03 years. The 2010 assessment indicated an average RSL of 7.0 years. Condition assessments are performed every three years.

Accounting principles generally accepted in the United States of America require reporting the last three complete condition assessments and needed-to-actual information for five years. The schedule below showing the percentage of roads in each service life category only presents information as of the most recent condition assessment period.

Remainder of page intentionally left blank

Bridge Network

The condition of the City's bridges is determined using the Structures Inventory System to monitor the condition of the nine City-owned bridges. A number ranging from 1 – 100 is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established, 80 to 100, 50 to 79, and 1 to 49. It is City policy to maintain bridges with an average score of 70 or better. The City's average score based on the initial condition assessment was 89. A condition assessment performed in fiscal years 2012 yielded an average score of 94. Condition assessments are performed every two years.

Accounting principles generally accepted in the United States of America require reporting the last three complete condition assessments and needed-to-actual information for five years. The schedule below showing the percentage of bridges in each condition assessment category only presents information as of the most recent condition assessment period.

Subjective Condition Rating of Street Network Percentage of Network		Subjective Condition Rating of Bridge Network Percentage of Network	
0 to 6	48.38%	80 to 100	92.92%
7 to 8	24.98%	50 to 79	7.08%
9 to 12	15.54%	0 to 49	0.00%
13 to 18	1.43%	Total	100.00%
19 to 20	9.67%		
Total	100.00%		

Average remaining service life is 7.85

Average score is 94

Comparison of Needed-to Actual Costs Road Maintenance/Preservation

	2007	2008	2009	2010	2011	2012	2013	2014
Needed	\$ 388,595	\$ 388,595	\$ 343,710	\$ 487,260	\$ 675,000	\$ 792,000	\$ 2,000,000	\$ 2,600,000
Actual	\$ 603,989	\$ 251,575	\$ 312,412	\$ 532,747	\$ 475,643	\$ 527,753	\$ 813,618	\$ 480,847

Comparison of Needed-to Actual Costs Bridge Maintenance/Preservation

	2007	2008	2009	2010	2011	2012	2013	2014
Needed	\$ 43,177	\$ 43,177	\$ 381,900	\$ 54,140	\$ 75,000	\$ 8,000	\$ 200,000	\$ 260,000
Actual	\$ 67,110	\$ 27,952	\$ 347,124	\$ 59,194	\$ 52,849	\$ 58,639	\$ 81,362	\$ 53,427

***Bridge maintenance costs represent 10% of the road maintenance costs

**AMERICAN FORK CITY
General Fund**

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual

For Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
Revenues (inflows)				
Taxes	\$ 12,125,000	\$ 12,400,000	\$ 12,779,577	\$ 379,577
License and permits	479,100	479,100	514,042	34,942
Intergovernmental	932,200	932,200	903,488	(28,712)
Charges for services	3,545,600	3,595,600	3,505,709	(89,891)
Other fees and services	1,594,200	1,594,200	1,737,262	143,062
Cemetery fees	108,000	108,000	103,713	(4,287)
Fines and forfeitures	362,800	362,800	296,228	(66,572)
Miscellaneous	119,000	170,000	475,105	305,105
Interest income	38,000	38,000	30,473	(7,527)
Total revenues	19,303,900	19,679,900	20,345,597	665,697
Expenditures (outflows)				
General government	3,365,100	3,442,100	3,193,087	249,013
Public safety	7,083,600	6,921,900	6,234,622	687,278
Public improvements	2,572,200	2,572,200	2,229,438	342,762
Parks and recreation	1,560,300	2,205,400	2,006,020	199,380
Other	2,858,900	2,302,300	2,020,307	281,993
Total expenditures	17,440,100	17,443,900	15,683,474	1,760,426
Other Financing Sources and Uses				
Transfers in	1,804,500	2,504,500	271,323	(2,233,177)
Transfers out	(3,668,300)	(4,740,500)	(4,928,003)	(187,503)
Total Other Financing Sources/Uses	(1,863,800)	(2,236,000)	(4,656,680)	(2,420,680)
Excess (deficiency) of revenues over expenditures	-	-	5,441	(5,441)
Fund balance at beginning of year	5,080,034	5,080,034	5,080,034	
Fund balance at end of year	\$ 5,420,338	\$ 5,420,338	\$ 5,085,475	

AMERICAN FORK CITY
Fitness Center Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual
For Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
General admissions	\$ 822,000	\$ 868,017	\$ 46,017
Other income	849,900	872,887	22,987
Interest income	700	548	(152)
Total revenues	<u>1,672,600</u>	<u>1,741,452</u>	<u>68,852</u>
Expenditures			
Salaries, wages, and employee benefits	1,286,700	1,299,623	(12,923)
Supplies	186,900	181,363	5,537
Utilities	195,000	216,391	(21,391)
Other	387,500	389,460	(1,960)
Total expenditures	<u>2,056,100</u>	<u>2,086,837</u>	<u>(30,737)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(383,500)</u>	<u>(345,385)</u>	<u>38,115</u>
Other financing sources (uses)			
Transfers in	<u>383,500</u>	<u>402,567</u>	<u>19,067</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	57,182	57,182
Fund balances - beginning of year	<u>192,161</u>	<u>192,161</u>	<u>-</u>
Fund balances - ending of year	<u>\$ 192,161</u>	<u>\$ 249,343</u>	<u>\$ 57,182</u>



Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by accounting principles generally accepted in the United States of America, not a part of the financial statements, but are presented for additional analysis.

Such statements and schedules include:

Combining Financial Statements- Non-Major Governmental Funds

Individual Fund Financial Statements and Schedules

- General Fund
- Special Revenue Funds
- Debt Service Fund
- Capital Projects Fund
- Permanent Fund
- Proprietary Funds

Additional Schedules

- Schedule of Insurance in Force

Additional Auditor's Reports

- Report on Internal Control over Financial Reporting and on Compliance and other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

- Utah State Compliance Report based on the requirements, special tests, and provisions required by the State of Utah's Legal Compliance Guide.



Combining Financial Statements Non-Major Governmental Funds

Special Revenue Funds

American Fork Arts Council Fund – to account for the arts and cultural activities of the City. During the fiscal year 2014, the City chose to close this fund.

Downtown Redevelopment Fund – to account for small business revolving loans.

Celebration Fund- to account for the activities of Steel Days, the City's annual celebration.

Building Authority- to account for the construction of capital facilities within the City.

Redevelopment Agency- to account for revenues and expenditures related to transactions generated in the City's redevelopment agencies.

Permanent Fund

Perpetual Care Fund- to account for the funds received for the perpetual care of the cemetery.

AMERICAN FORK CITY
Non-major Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2014

			Special Revenue			Permanent	Total
	Arts	Redevelopment	Downtown	Celebration	Building	Cemetery	Nonmajor
	Council	Agency	Redevelopment	Committee	Authority	Care	Governmental
							Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 2,109,465	\$ 71,688	\$ 62,195	\$ 624	\$ -	\$ 2,243,972
Accounts receivable	-	-	-	-	-	3,000	3,000
Note receivable	-	-	27,930	-	-	-	27,930
Inventory	-	-	-	3,579	-	-	3,579
Due from other funds	-	-	-	-	-	41,757	41,757
Restricted cash	-	-	-	-	-	503,631	503,631
Total assets	<u>\$ -</u>	<u>\$ 2,109,465</u>	<u>\$ 99,618</u>	<u>\$ 65,774</u>	<u>\$ 624</u>	<u>\$ 548,388</u>	<u>\$ 2,823,869</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Checks outstanding in excess of deposits	-	-	-	-	-	-	-
Accounts payable and accrued liabilities	-	37,501	-	2,557	-	-	40,058
Total liabilities	<u>-</u>	<u>37,501</u>	<u>-</u>	<u>2,557</u>	<u>-</u>	<u>-</u>	<u>40,058</u>
Fund Balances:							
Restricted for:							
Perpetual care	-	-	-	-	-	541,967	541,967
Redevelopment	-	2,071,964	99,618	-	-	-	2,171,582
Assigned for:							
Municipal building	-	-	-	-	624	-	624
Special revenues	-	-	-	63,217	-	-	63,217
Unassigned	-	-	-	-	-	6,421	6,421
Total fund balances	<u>-</u>	<u>2,071,964</u>	<u>99,618</u>	<u>63,217</u>	<u>624</u>	<u>548,388</u>	<u>2,783,811</u>
Total liabilities, deferred inflow of resources	<u>\$ -</u>	<u>\$ 2,109,465</u>	<u>\$ 99,618</u>	<u>\$ 65,774</u>	<u>\$ 624</u>	<u>\$ 548,388</u>	<u>\$ 2,823,869</u>

AMERICAN FORK CITY
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2014

	Art Council	Redevelopment Agency	Special Revenue Downtown Redevelopment	Celebration Committee	Building Authority	Permanent Cemetery Care	Total Nonmajor Governmental Funds
REVENUES							
Property taxes	\$ -	\$ 1,310,175	\$ -	\$ -	\$ -	\$ -	\$ 1,310,175
Charges for services	-	-	-	73,039	-	6,420	79,459
Other fees and services	-	-	-	-	-	-	-
Interest income	-	19,817	1,373	-	-	2,667	23,857
Total revenues	-	1,329,992	1,373	73,039	-	9,087	1,413,491
EXPENDITURES							
Current:							
Public improvements	-	954,808	2,631	-	10	-	957,449
Parks and recreation	-	-	-	118,589	-	-	118,589
Total expenditures	-	954,808	2,631	118,589	10	-	1,076,038
Excess revenues over (under) expenditures	-	375,184	(1,258)	(45,550)	(10)	9,087	337,453
Other financing sources (uses)							
Transfers in	-	136,264	-	60,500	200	-	196,964
Transfers out	(6,466)	(628,000)	-	-	-	(2,667)	(637,133)
Total other financing sources and uses	(6,466)	(491,736)	-	60,500	200	(2,667)	(440,169)
Excess of revenues and other sources over (under) expenditures and other uses	(6,466)	(116,552)	(1,258)	14,950	190	6,420	(102,716)
Fund balances - beginning of year	6,466	2,188,516	100,876	48,267	434	541,968	2,886,527
Fund balances - end of year	\$ -	\$ 2,071,964	\$ 99,618	\$ 63,217	\$ 624	\$ 548,388	2,783,811



General Fund

The general fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds.

AMERICAN FORK CITY
General Fund
Balance sheet
June 30, 2014

	General Fund
ASSETS	
Petty cash	\$ 400
Cash and cash equivalents	4,585,259
Property taxes receivable	3,751,850
Sales taxes receivable	1,253,245
Receivables, net of allowance	
Intergovernmental	204,454
Garbage billing	103,649
Ambulance	526,344
Assessments	146,685
Other	24,170
Other Financing source (use)	-
Inventory	22,724
Total assets	<u>\$ 10,618,780</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 273,701
Accrued salaries, wages, and benefits	181,788
Accrued compensated absences	317,216
Due to other funds	41,757
Performance bonds payable	1,077,187
Due to other entities	613
Total liabilities	<u>1,892,262</u>
DEFERRED INFLOW OF RESOURCES	
Unearned Property Taxes-levied for future years	3,499,892
Unavailable property taxes-delinquent	141,153
	<u>3,641,045</u>
Fund Balances	
Fund balances reserved for:	-
Unassigned	5,085,473
Total fund balances	<u>5,085,473</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 10,618,780</u>

AMERICAN FORK CITY
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Taxes			
Property taxes	\$ 3,600,000	\$ 3,781,638	\$ 181,638
Delinquent taxes	200,000	262,448	62,448
Sales taxes	6,200,000	6,235,351	35,351
Energy taxes	1,525,000	1,660,027	135,027
Franchise taxes	98,000	96,649	(1,351)
Motor vehicle fees	314,000	311,098	(2,902)
Telephone tax	450,000	419,254	(30,746)
Penalties and interest	13,000	13,112	112
Total	12,400,000	12,779,577	379,577
Licenses and permits			
Business licenses	110,000	138,694	28,694
Building permits	350,000	328,674	(21,326)
Other permits	19,100	46,674	27,574
Total	479,100	514,042	34,942
Intergovernmental revenue			
State and other grants	59,200	65,681	6,481
Road fund allotments	840,000	808,773	(31,227)
Liquor fund allotments	33,000	29,034	(3,966)
Total	932,200	903,488	(28,712)
Charges for services			
Fire protection	6,300	4,605	(1,695)
Ambulance fees	1,349,300	1,241,917	(107,383)
Sewer and Water allocation	1,068,000	1,068,000	-
Refuse collection/recycling	1,172,000	1,191,187	19,187
Total	3,595,600	3,505,709	(89,891)

**AMERICAN FORK CITY
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual
For the Year Ended June 30, 2014 (continued)**

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues (continued)			
Lease payments and other fees			
Safety contracts	\$ 403,500	\$ 412,847	\$ 9,347
Recreation fees	373,400	373,350	(50)
Library fees	40,000	43,796	3,796
Library development	6,500	8,830	2,330
Development Fees	179,100	225,369	46,269
Senior citizens fees	-	84,048	84,048
Boat harbor fees	85,000	84,095	(905)
Utility late fees	31,000	29,826	(1,174)
State reimbursement and rent	447,700	446,634	(1,066)
Other Fees	28,000	28,463	463
Total	1,594,200	1,737,258	143,058
Cemetery fees			
Sale of lots	34,000	28,717	(5,283)
Other Cemetery	70,000	70,600	600
Grave opening fees	4,000	4,396	396
Total	108,000	103,713	(4,287)
Fines and forfeitures			
Fines	245,000	226,193	(18,807)
Police reimbursement	20,000	(1,965)	(21,965)
Traffic school	97,800	72,000	(25,800)
Total	362,800	296,228	(66,572)
Miscellaneous revenues			
Interest earnings	41,400	30,473	(10,927)
Sale of surplus property and equipme	20,000	34,178	14,178
Other revenue	146,600	447,393	300,793
Total	208,000	512,044	304,044
Total revenues	19,679,900	20,352,059	672,159

AMERICAN FORK CITY
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual
For the Year Ended June 30, 2014 (continued)

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
Expenditures			
General Government			
Administration	\$ 1,450,400	\$ 1,285,545	\$ 164,855
Legislative	150,300	121,064	29,236
Legal	466,500	363,481	103,019
Executive	121,300	101,438	19,862
Data processing	194,500	159,466	35,034
Public works	234,300	212,696	21,604
Building and grounds	824,800	949,397	(124,597)
Total	3,442,100	3,193,087	249,013
Public safety			
Police department	4,412,900	3,928,205	484,695
Fire department	630,000	602,862	27,138
Ambulance department	1,879,000	1,703,555	175,445
Total	6,921,900	6,234,622	687,278
Public improvements			
Engineering	519,500	446,253	73,247
Inspection department	425,100	333,903	91,197
Streets	1,627,600	1,449,282	178,318
Total	2,572,200	2,229,438	342,762
Parks and recreation			
Parks department	861,900	781,201	80,699
Senior citizens	22,000	61,213	(39,213)
Boat harbor	52,300	44,941	7,359
Recreation department	631,000	550,231	80,769
Cemetery	581,600	528,723	52,877
Citizen Committee	56,600	39,711	16,889
Total	2,205,400	2,006,020	199,380

AMERICAN FORK CITY
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual
For the Year Ended June 30, 2014 (continued)

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
Other			
Sanitation	1,192,000	1,108,714	83,286
Library	777,400	641,819	135,581
Learning Center	33,800	15,381	18,419
Planning	253,900	224,491	29,409
Miscellaneous	45,200	29,903	15,297
Total	2,302,300	2,020,308	281,992
 Total expenditures	 17,443,900	 15,683,475	 1,760,425
 Excess of revenues over expenditures	 2,236,000	 4,662,339	 2,426,339
Other financing sources (uses)			
Transfers in	2,504,500	271,103	(2,233,397)
Transfers out	(4,740,500)	(4,928,003)	(187,503)
Total other financing sources (uses)	(2,236,000)	(4,656,900)	(2,420,900)
 Deficiency of revenues and other financing sources over expenditures and other financing uses	 -	 5,439	 \$ 5,439
 Fund balance at beginning of year	 5,080,034	 5,080,034	
Fund balance at end of year	\$ 5,080,034	\$ 5,085,473	



General Fund Analysis

AMERICAN FORK CITY
General Fund
Analysis of Expenditures
For the Year Ended June 30, 2014

	2014				
	Salaries, Wages and Benefits	Materials, Supplies, and Core Services	Other Charges	Capital Outlay	Total
General Government					
Administration	\$ 908,284	\$ 113,119	\$ 262,333	\$ 1,809	\$ 1,285,545
Council	70,610	34,710	15,743	-	121,064
Legal	-	363,481	-	-	363,481
Executive	29,411	62,339	9,688	-	101,438
Data processing	-	111,705	-	47,761	159,466
Public works	182,255	11,899	16,163	2,379	212,696
Building and grounds	262,215	683,149	4,032	-	949,397
Total	1,452,775	1,380,402	307,960	51,949	3,193,086
Public Safety					
Police department	3,231,028	551,033	117,624	28,519	3,928,205
Fire department	418,844	109,081	52,128	22,808	602,862
Ambulance department	1,404,815	250,145	38,471	10,125	1,703,555
Total	5,054,687	910,259	208,223	61,453	6,234,622
Public Improvement					
Engineering	381,182	42,374	18,251	4,446	446,253
Inspection department	293,881	29,962	8,799	1,261	333,903
Streets	487,098	450,772	8,810	502,603	1,449,283
Total	1,162,161	523,109	35,860	508,311	2,229,440
Parks and Recreation					
Parks department	578,970	186,972	14,236	1,024	781,201
Senior citizens	9,872	48,667	2,673	-	61,213
Boat harbor	33,895	3,405	7,641	-	44,941
Recreation department	404,938	133,682	10,657	955	550,231
Cemetery department	430,438	65,215	30,870	2,200	528,723
Citizen Committees	-	39,711	-	-	39,711
Total	1,458,113	477,651	66,076	4,179	2,006,020
Other					
Sanitation	-	1,108,714	-	-	1,108,714
Library department	494,334	135,238	5,136	7,111	641,819
Literacy center	9,317	2,107	2,425	1,533	15,381
Planning commission	191,054	27,368	6,069	-	224,491
Miscellaneous	-	20,657	9,246	-	29,903
Total	694,705	1,294,084	22,875	8,644	2,020,307
Total Expenditures	\$ 9,822,441	\$ 4,585,506	\$ 640,994	\$ 634,535	\$ 15,683,475

AMERICAN FORK CITY
General Fund

Comparative Five Year Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	2014	2013	2012	2011	2010
Revenues					
Taxes	\$ 12,779,577	\$ 12,204,571	\$ 11,853,351	\$ 11,073,218	\$ 10,796,806
Licenses and permits	514,042	725,491	426,757	395,073	246,687
Intergovernmental revenue	903,488	956,816	1,016,569	1,025,270	867,489
Charges for services	3,505,709	3,666,265	3,133,347	3,153,089	2,702,774
Lease payments and other fees	1,737,258	1,723,900	862,240	933,524	1,074,433
Cemetery fees	103,713	114,503	110,080	92,029	91,785
Fines and forfeitures	296,228	337,822	844,292	940,839	935,238
Other revenues	512,044	374,837	414,690	375,560	283,435
Total revenues	<u>20,352,059</u>	<u>20,104,205</u>	<u>18,661,326</u>	<u>17,988,602</u>	<u>16,998,647</u>
Expenditures					
General government	3,193,085	2,804,078	3,077,211	2,783,295	2,548,763
Public safety	6,234,622	6,096,035	5,807,469	5,309,135	4,752,452
Public improvements	2,229,440	2,455,295	2,211,984	2,167,217	2,231,475
Sanitation	1,108,714	1,063,681	1,030,518	1,081,284	935,934
Parks and recreation	2,006,020	1,986,064	1,893,618	1,732,385	1,737,662
Library department	641,819	665,758	695,592	677,430	614,044
Planning commission	224,491	293,267	399,593	386,555	379,801
Learning Center	15,381	6,650	69,381	63,043	59,433
Miscellaneous	29,903	23,118	60,011	21,282	33,501
Total expenditures	<u>15,683,474</u>	<u>15,393,946</u>	<u>15,245,377</u>	<u>14,221,626</u>	<u>13,293,065</u>
Excess of revenues over expenditures	<u>4,668,585</u>	<u>4,710,259</u>	<u>3,415,949</u>	<u>3,766,976</u>	<u>3,705,582</u>
Other financing sources (uses)					
Net operating transfers in (out)	<u>(4,663,146)</u>	<u>(2,731,625)</u>	<u>(3,456,405)</u>	<u>(4,513,497)</u>	<u>(3,641,547)</u>
Total other financing sources (uses)	<u>(4,663,146)</u>	<u>(2,731,625)</u>	<u>(3,456,405)</u>	<u>(4,513,497)</u>	<u>(3,641,547)</u>
Excess (deficiencies) of revenues and other financing sources over (under) expenditures and other financing uses	5,439	1,978,634	(40,456)	(746,521)	64,035
Fund balances - beginning of year	<u>5,080,034</u>	<u>3,101,400</u>	<u>3,140,856</u>	<u>3,887,377</u>	<u>3,823,342</u>
Fund balances - end of year	<u>\$ 5,085,473</u>	<u>\$ 5,080,034</u>	<u>\$ 3,100,400</u>	<u>\$ 3,140,856</u>	<u>\$ 3,887,377</u>



Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are set aside for expenditure for specified purposes.

AMERICAN FORK CITY
Special Revenue Funds
Combining Balance Sheet
For the Year Ended June 30, 2014

	Arts Council	Redevelopment Agency	Downtown Redevelopment	Celebration Committee	Building Authority	Fitness Center	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 2,109,465	\$ 71,688	\$ 62,195	\$ 624	\$ 300,744	\$ 2,544,716
Property tax receivable	-	-	-	-	-	-	-
Note receivable	-	-	27,930	-	-	-	27,930
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Inventory	-	-	-	3,579	-	12,192	15,771
Special Assessments	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 2,109,465</u>	<u>\$ 99,618</u>	<u>\$ 65,774</u>	<u>\$ 624</u>	<u>\$ 312,936</u>	<u>\$ 2,588,417</u>
LIABILITIES							
Liabilities							
Accounts payable and accrued liabilities	-	\$ 37,501	\$ -	\$ 2,557	\$ -	\$ 51,948	\$ 92,006
Accrued salaries and benefits payable	-	-	-	-	-	11,645	11,645
Total liabilities	<u>-</u>	<u>37,501</u>	<u>-</u>	<u>2,557</u>	<u>-</u>	<u>63,593</u>	<u>103,651</u>
Fund Balances							
Restricted for:							
Redevelopment	-	2,071,964	99,618	-	-	-	2,171,582
Assigned for:							
Municipal Building	-	-	-	-	624	-	624
Special Revenues	-	-	-	63,217	-	249,343	312,560
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>2,071,964</u>	<u>99,618</u>	<u>63,217</u>	<u>624</u>	<u>249,343</u>	<u>2,484,766</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ -</u>	<u>\$ 2,109,465</u>	<u>\$ 99,618</u>	<u>\$ 65,774</u>	<u>\$ 624</u>	<u>\$ 312,936</u>	<u>\$ 2,588,417</u>

AMERICAN FORK CITY
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes Fund Balances
For the Year Ended June 30, 2014

	American Fork Arts Council	Redevelopment Agency	Downtown Redevelopment	Celebration Committee	Building Authority	Fitness Center	Total Nonmajor Governmental Funds
REVENUES							
Property taxes	\$ -	\$ 1,310,175	\$ -	\$ -	\$ -	\$ -	\$ 1,310,175
Ticket sales and concessions	-	-	-	73,039	-	-	73,039
General admissions	-	-	-	-	-	868,017	868,017
Other income	6,466	-	-	-	-	872,887	879,353
Interest income	-	19,817	1,373	-	-	548	21,738
Total revenues	<u>6,466</u>	<u>1,329,992</u>	<u>1,373</u>	<u>73,039</u>	<u>-</u>	<u>1,741,452</u>	<u>3,152,322</u>
EXPENDITURES							
Supplies	-	-	-	-	-	181,363	181,363
Production costs	-	-	-	118,589	-	-	118,589
Salaries and wages	-	-	-	-	-	1,299,623	1,299,623
Utilities	-	-	-	-	-	216,391	216,391
Other	-	954,808	2,631	-	10	389,460	1,346,909
Total expenditures	<u>-</u>	<u>954,808</u>	<u>2,631</u>	<u>118,589</u>	<u>10</u>	<u>2,086,837</u>	<u>3,162,875</u>
Excess revenues over (under) expenditures	<u>6,466</u>	<u>375,184</u>	<u>(1,258)</u>	<u>(45,550)</u>	<u>(10)</u>	<u>(345,385)</u>	<u>(10,553)</u>
Other financing sources (uses)							
Transfers in	-	136,264	-	60,500	200	402,567	599,531
Transfers out	(6,466)	(628,000)	-	-	-	-	(634,466)
Total other financing sources and uses	<u>(6,466)</u>	<u>(491,736)</u>	<u>-</u>	<u>60,500</u>	<u>200</u>	<u>402,567</u>	<u>(34,935)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	(116,552)	(1,258)	14,950	190	57,182	(45,488)
Fund balances - beginning of year	<u>-</u>	<u>2,188,516</u>	<u>100,876</u>	<u>48,267</u>	<u>434</u>	<u>192,161</u>	<u>2,530,254</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ 2,071,964</u>	<u>\$ 99,618</u>	<u>\$ 63,217</u>	<u>\$ 624</u>	<u>\$ 249,343</u>	<u>\$ 2,484,766</u>

AMERICAN FORK CITY

Arts

Schedule of Revenues, Expenditures, and Changes Fund Balances

Budget to Actual

For the Year Ended June 30, 2014

	Budget	Actual	Favorable (Unfavorable)
Revenue			
Ticket sales and concessions	\$ -	\$ -	\$ -
Interest income	-	-	-
Other	-	6,466	6,466
Total revenue	-	6,466	6,466
Expenditures			
Production costs	-	-	-
Salaries, wages and employee benefits	-	-	-
Other	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	6,466	6,466
Other financing sources (uses)			
Transfers in (out)	-	(6,466)	(6,466)
Total other financing sources	-	(6,466)	(6,466)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	-
Fund balances - beginning of year	-	-	-
Fund balances - ending of year	\$ -	\$ -	\$ -

AMERICAN FORK CITY
Downtown Redevelopment
Schedule of Revenues, Expenditures, and Changes Fund Balances
Budget to Actual
For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Other income	\$ 10,300	\$ -	\$ (10,300)
Interest income	400	1,373	973
Total Revenues	10,700	1,373	(9,327)
Expenditures			
Other expenses	10,700	2,631	8,069
Excess (deficiency) of revenues over (under) expenditures	-	(1,258)	(1,258)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(1,258)	(1,258)
Fund balances - beginning of year	100,876	100,876	-
Fund balances - ending of year	\$ 100,876	\$ 99,618	\$ (1,258)

**AMERICAN FORK CITY
Celebration Committee**

Schedule of Revenues, Expenditures, and Changes Fund Balances

Budget to Actual

For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ticket sales and concessions	\$ 90,100	\$ 73,039	\$ (17,061)
Expenditures			
Production costs	150,600	118,589	32,011
Excess (deficiency) of revenues over (under) expenditures	(60,500)	(45,550)	14,950
Other financing sources			
Transfers in	60,500	60,500	-
	60,500	60,500	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	14,950	(14,950)
Fund balances - beginning of year	48,267	48,267	-
Fund balances - ending of year	\$ 48,267	\$ 63,217	\$ (14,950)

AMERICAN FORK CITY
Building Authority

Schedule of Revenues, Expenditures, and Changes Fund Balances Budget to Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenue			
Total revenue	\$ -	\$ -	\$ -
Expenditures			
Operating Expenditures	200	10	190
Total expenditures	200	10	190
Excess (deficiency) of revenues over (under) expenditures	(200)	(10)	190
Other financing sources			
Transfers in	200	200	-
Total other financing sources	200	200	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	190	190
Fund balances - beginning of year	434	434	-
Fund balances - ending of year	\$ 434	\$ 624	\$ 190

AMERICAN FORK CITY
Redevelopment Agency Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual
For Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,299,700	\$ 1,310,175	\$ 10,475
Interest income	12,000	19,817	7,817
Other	287,200	-	(287,200)
Total revenues	1,598,900	1,329,992	(268,908)
Expenditures			
Public improvements	962,900	954,808	8,092
Total expenditures	962,900	954,808	8,092
Excess (deficiency) of revenues over (under) expenditures	636,000	375,184	(260,816)
Other financing sources (uses)			
Transfers in	-	136,264	136,264
Transfers out	(636,000)	(628,000)	8,000
Total other financing sources (uses)	(636,000)	(491,736)	144,264
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(116,552)	(116,552)
Fund balances - beginning of year	2,188,516	2,188,516	-
Fund balances - ending of year	\$ 2,188,516	\$ 2,071,964	\$ (116,552)



Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

AMERICAN FORK CITY
Debt Service Fund
Balance Sheet
Period Ended June 30, 2014

ASSETS

Cash - checking	\$	658,726
Cash - state treasurer's pool		192,136
Other Receivable		20,102
Total assets	\$	<u>870,964</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Fund balance		
Restricted for debt service		-
Unassigned		<u>870,964</u>
Total fund balance		<u>870,964</u>
Total liabilities and fund balance	\$	<u>870,964</u>

Remainder of page intentionally left blank

AMERICAN FORK CITY
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes Fund Balances, Budget to Actual
For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 1,400	\$ 2,462	\$ 1,062
Expenditures			
Bond principal	1,939,300	1,939,220	80
Bond interest and fees	500,100	461,450	38,650
Bond issuance Costs	-	41,103	(41,103)
Other Costs	35,000	3,451	31,549
Total expenditures	2,474,400	2,445,224	29,176
Excess (deficiency) of revenues over (under) expenditures	(2,473,000)	(2,442,762)	30,238
Other financing sources (uses)			
Bond Proceeds	-	3,393,000	3,393,000
Payment to Refunded Escrow Agent		(3,346,100)	(3,346,100)
Transfers in	2,429,100	2,473,000	43,900
Total other financing sources (uses)	2,429,100	2,519,900	90,800
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(43,900)	77,138	121,038
Fund balances - beginning of year	793,826	793,826	-
Fund balances - ending of year	\$ 749,926	\$ 870,964	\$ 121,038



Capital Projects Fund

AMERICAN FORK CITY
Capital Projects Fund
Combining Statement of Net Assets
June 30, 2014

ASSETS

Current assets:

Cash - operating	\$ 1,040,602
Cash - state treasurer's pool	2,668,457
Impact fees	<u>2,469,863</u>
Total assets	<u>\$ 6,178,922</u>

LIABILITIES AND FUND BALANCE

Outstanding checks in excess of deposits	-
Accounts payable and accrued expenses	11,138
Developer reimbursement payable	49,049
Due to other entities	-
Due to other funds	<u>88,000</u>
Total liabilities	<u>148,187</u>

Fund balance restricted for:

Impact fees	2,469,863
Assigned for:	-
Capital projects	<u>3,560,872</u>
Total fund balance	<u>6,030,735</u>

Total liabilities and fund balance	<u>\$ 6,178,922</u>
------------------------------------	---------------------

Remainder of page intentionally left blank

AMERICAN FORK CITY
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget to Actual
For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 340,000	\$ -	\$ (340,000)
Interest	25,000	26,193	1,193
Other income	-	15,612	15,612
Impact fees	763,000	686,594	(76,406)
Total revenues	1,128,000	728,399	(399,601)
EXPENDITURES			
Public safety	259,900	367,915	(108,015)
Buildings and Property	386,300	372,133	14,167
Public works	6,797,900	1,415,798	5,382,102
Parks and Recreation	284,100	468,725	(184,625)
Other projects and equipment acquisitions	1,607,300	163,111	1,444,189
Principal	211,400	184,077	27,323
Interest	13,000	6,847	6,153
Total expenditures	9,559,900	2,978,606	6,581,294
Excess (deficit) of revenues over (under) expenditures	(8,431,900)	(2,250,207)	6,181,693
OTHER FINANCING SOURCES (USES)			
Issuance Lease	5,047,400	199,684	(4,847,716)
Transfers in	2,421,100	2,812,338	391,238
Transfers out	(268,200)	(268,200)	-
Total other financing sources (uses)	7,200,300	2,743,822	(4,456,478)
Net change in fund balance	-	493,615	493,615
Fund balances	5,537,119	5,537,119	-
Fund balances - ending	\$ 5,537,119	\$ 6,030,734	\$ 493,615



Perpetual Care Fund

The perpetual care fund is used to account for the resources that are restricted for cemetery care. The principal can only be used for cemetery care, but the earnings of the fund can be used to support other government programs.

AMERICAN FORK CITY
Perpetual Care Fund
Combining Balance Sheet
Period Ended June 30, 2014

ASSETS

Current assets:

Accounts receivable - net	\$ 3,000
Due from other funds	41,757
Restricted cash	<u>503,631</u>
Total assets	<u><u>\$ 548,388</u></u>

Fund Balance

Total Restricted Fund Balance	<u><u>\$ 548,388</u></u>
-------------------------------	--------------------------

Remainder of page intentionally left blank

AMERICAN FORK CITY
Perpetual Care Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget to Actual
For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Cemetery care	\$ 11,300	\$ 6,420	\$ (4,880)
Interest income	3,400	2,667	(733)
Total revenues	14,700	9,087	(5,613)
Expenditures			
Cemetery care	-	-	\$ -
Total Expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	14,700	9,087	(15,009)
Other financing sources			
Transfers out	(3,400)	(2,667)	733
Total other financing sources	(3,400)	(2,667)	733
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	11,300	6,420	(4,880)
Fund balances - beginning of year	541,968	541,968	-
Fund balances - ending of year	\$ 553,268	\$ 548,388	\$ (4,880)



Proprietary Funds

The proprietary funds are used to account for the business-like activities of the City.

AMERICAN FORK CITY
Proprietary Funds
Combining Statement of Net Position
June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer and Water Fund	Broadband Fund	Total
ASSETS			
Current assets			
Cash - checking	\$ 7,919,835	\$ -	\$ 7,919,835
Cash -state treasurer's pool	1,294,912	-	1,294,912
Accounts receivable - net of allowance	894,390	9,482	903,872
Note receivable, current portion	5,447	500,000	505,447
Due from other funds	88,000	-	88,000
Total current assets	10,202,584	509,482	10,712,066
Capital assets, at cost			
Land	765,003	-	765,003
Water Stock	18,680,754	-	18,680,754
Buildings and improvements	1,438,791	-	1,438,791
Improvements other than buildings	97,091,978	1,199,149	98,291,127
Machinery and equipment	1,742,187	167,653	1,909,840
Less: accumulated depreciation	(29,742,002)	(555,371)	(30,297,373)
Total Capital Assets	89,976,711	811,431	90,788,142
Noncurrent assets			
Note receivable, long-term portion	453,103	-	453,103
Restricted cash			
Impact fees	320,639	-	320,639
Bond issuance costs - net of amortization	-	-	-
Total noncurrent assets	773,742	-	773,742
Total assets	\$ 100,953,037	\$ 1,320,913	\$ 102,273,950

AMERICAN FORK CITY
Proprietary Funds
Combining Statement of Net Assets (*Continued*)
Period Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer and Water Fund	Broadband Fund	Total
LIABILITIES			
Current liabilities			
Outstanding checks in excess of deposits	\$ -	\$ 2,872,549	\$ 2,872,549
Accounts payable and accrued expenses	305,443	13,467	318,910
Accrued salaries and benefits payable	3,430	489	3,919
Due to other entities	36,821	-	36,821
Bond Interest Payable	181,312	-	181,312
Compensated absences	8,483	1,338	9,821
Current portion of bonds payable	1,282,000	-	1,282,000
Total current liabilities	1,817,489	2,887,843	4,705,332
Noncurrent liabilities			
Deposits	159,775	-	159,775
Compensated absences	76,343	12,038	88,381
Bonds payable			
2007 General obligation bonds	7,220,000	-	7,220,000
2008 General obligation bonds	34,500,000	-	34,500,000
2012 State Water Bond	737,000	-	737,000
Total noncurrent liabilities	42,693,118	12,038	42,705,156
Total liabilities	44,510,607	2,899,881	47,410,488
NET POSITION			
Net Investment in Capital Assets	46,237,711	811,431	47,049,142
Restricted	-	-	-
Capital projects	320,639	-	320,639
Unrestricted	9,884,080	(2,390,399)	7,493,681
Total net position	\$ 56,442,430	\$ (1,578,968)	\$ 54,863,462

AMERICAN FORK CITY
Proprietary Funds
Combining Schedule of Revenues, Expenditures, and Changes Net Assets
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer and Water Fund	Broadband Fund	Total
Operating revenues			
Water charges and fees	\$ 5,367,408	\$ -	\$ 5,367,408
Pledged as security on revenue bonds	769,360	-	769,360
Sewer charges and fees	5,501,653	-	5,501,653
Internet and connection fees	-	217,380	217,380
Other income	1,767,820	-	1,767,820
Total operating revenues	13,406,241	217,380	13,623,621
Operating expenses			
Salaries, wages and employee benefits	1,350,030	197,401	1,547,431
Materials and supplies	466,403	35,137	501,540
Utilities and telephone	366,682	2,001	368,683
Professional and technical	325,854	26,692	352,546
Timpanogos Special Service District	2,350,824	-	2,350,824
Water assessment fees	574,769	-	574,769
Other	1,445,766	-	1,445,766
Depreciation	2,574,685	51,818	2,626,503
Total operating expenses	9,455,013	313,049	9,768,062
Operating income	3,951,228	(95,669)	3,855,559
Nonoperating revenues (expenses)			
Interest income	46,270	979	47,249
Bond interest expense	(1,930,452)	-	(1,930,452)
Gain on sale of assets	-	831,983	831,983
Total nonoperating revenues (expenses)	(1,884,182)	832,962	(1,051,220)
Net income (loss) before contributions and transfers	2,067,046	737,293	2,804,339
Contributions and transfers			
Capital contributions	24,296	-	24,296
Impact Fees	538,810	-	538,810
Transfers out	(322,858)	-	(322,858)
Total contributions and transfers	240,248	-	240,248
Change in net position	2,307,294	737,293	3,044,587
Total net position - beginning	54,135,136	(2,316,261)	51,818,875
Total net position - ending	\$ 56,442,430	\$ (1,578,968)	\$ 54,863,462

AMERICAN FORK CITY
Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer and Water	Broadband	Total BTAs
Cash Flows From Operating Activities			
Receipts from customers	\$ 13,335,171	\$ 241,292	\$ 13,576,463
Payments to suppliers	(5,861,824)	(76,837)	(5,938,661)
Payments to employees	(1,372,762)	(202,589)	(1,575,351)
Net cash provided (used) by operating activities	6,100,585	(38,134)	6,062,451
Cash Flows From Noncapital Financing Activities			
Change in outstanding checks in excess of deposits		(968,584)	(968,584)
Cash paid to other funds	(322,858)	-	(322,858)
Net cash provided (used) by noncapital financing activities	(322,858)	(968,584)	(1,291,442)
Cash Flows From Capital and Related Financing Activities			
Cash received for impact fees	538,810	-	538,810
Acquisition of capital assets	(3,284,029)	(10,275)	(3,294,304)
Sale of Capital assets	-	990,000	990,000
Principal paid on capital debt	(1,246,000)	-	(1,246,000)
Interest paid on capital debt	(1,749,140)	-	(1,749,140)
Net cash provided (used) by capital and related financing activities	(5,740,359)	979,725	(4,760,634)
Cash Flows From Investing Activities			
Interest and dividends received	46,270	979	47,249
Net cash provided (used) by investing activities	46,270	979	47,249
Net increase (decrease) in cash and cash equivalents	83,638	-	83,638
Cash and cash equivalents - beginning	9,451,748	-	9,451,748
Cash and cash equivalents - ending	\$ 9,535,386	\$ -	\$ 9,535,386

AMERICAN FORK CITY
Proprietary Funds
Combining Statement of Cash Flows *(Continued)*
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer and Water	Broadband	Total BTAs
<i>(Continued)</i>			
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,951,228	(95,669)	\$ 3,855,559
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	2,574,685	51,818	2,626,503
(Increase) decrease in accounts receivable	(71,070)	-	(71,070)
(Increase) decrease in due from other funds	-	23,912	23,912
Increase (decrease) in accounts payable	(366,844)	13,007	(353,837)
Increase (decrease) in accrued salaries and benefits	(51,507)	(8,070)	(59,577)
Increase (decrease) in due to other entities	(20,332)	-	(20,332)
Increase (decrease) in compensated absences	28,775	2,882	31,657
Increase (decrease) in deposits	55,650	-	55,650
Total adjustments	2,149,357	83,549	2,232,906
Net cash provided (used) by operating activities	\$ 6,100,585	\$ (12,120)	\$ 6,088,465
Noncash investing, capital, and financing activities			
Contributions from contractors for:			
Water and Sewer Improvements	\$ (24,296)	\$ -	\$ (24,296)
Total Contributions from Contractor	\$ (24,296)		\$ (24,296)
Assets acquired through long-term debt	\$ -	\$ -	\$ -
Reconciliation of total cash and cash investments			
Cash and cash equivalents	\$ 9,214,747	\$ -	\$ 9,214,747
Restricted cash and cash equivalents	320,639	-	320,639
Total cash and cash investments	\$ 9,535,386	\$ -	\$ 9,535,386

**AMERICAN FORK CITY
Water and Sewer Fund**

**Schedule of Revenues, Expenditures, and Changes Fund Balances, Budget to Actual
For the Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water charges	\$ 4,688,242	\$ 5,367,408	\$ 679,166
Pledged as security on Revenue Bonds	-	769,360	769,360
Sewer charges	5,320,000	5,501,653	181,653
Other income	4,867,300	1,767,820	(3,099,480)
Total revenues	14,875,542	13,406,241	(1,469,301)
Operating Expenses			
Salaries, wages and employee benefits	1,438,500	1,350,030	88,470
Materials and supplies	399,900	466,403	(66,503)
Utilities and telephone	5,700	366,682	(366,982)
Professional and technical	443,500	325,854	117,646
Timpanogos Special Service District	2,600,000	2,350,824	249,176
Water assessment fees	628,500	574,769	53,731
Other	2,539,100	1,445,766	1,093,334
Depreciation	2,500,000	2,574,685	(74,685)
Total operating expenses	10,555,200	9,455,013	1,100,187
Operating income (Loss)	4,320,342	3,951,228	(369,114)
Non-operating income (expense)			
Interest income	13,300	46,270	32,970
Intergovernmental Grant	-	-	-
Bond interest expense	(2,116,900)	(1,930,452)	186,448
Bond principal payments	(1,246,000)	-	1,246,000
Total non-operating income (expense)	(3,349,600)	(1,884,182)	1,465,418
Income before contributions and transfers	970,742	2,067,046	1,096,304
Contributions and transfers			
Capital contributions	-	24,296	24,296
Impact fees	525,000	538,810	13,810
Transfers out	(91,600)	(322,858)	(231,258)
Total contributions and transfers	433,400	240,248	(193,152)
Change in net positions	1,404,142	2,307,294	903,152
Net positions - beginning	54,135,136	54,135,136	-
Net positions - ending	\$ 55,539,278	\$ 56,442,430	\$ 903,152

**AMERICAN FORK CITY
Broadband Fund**

Schedule of Revenues, Expenditures, and Changes Fund Balances, Budget to Actual
For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Internet fees	\$ 106,600	\$ 217,380	\$ 110,780
Connection fees	-	-	-
Other income	880,000	-	(880,000)
Total revenues	986,600	217,380	(769,220)
Operating Expenses			
Salaries, wages and employee benefits	202,400	197,401	4,999
Materials and supplies	5,900	7,086	(1,186)
Utilities	2,500	2,001	499
Other	26,700	28,051	(1,351)
Professional and technical	15,000	26,692	(11,692)
Depreciation	70,200	51,818	18,382
Total operating expenses	322,700	313,049	9,651
Operating income (loss)	663,900	(95,669)	(759,569)
Non-operating income (expense)			
Interest income	-	979	979
Gain on sale of capital assets	-	831,983	831,983
Total non-operating income (expense)	-	832,962	832,962
Change in net position	663,900	737,293	73,393
Net position - beginning	(2,316,261)	(2,316,261)	-
Net position - ending	\$ (1,652,361)	\$ (1,578,968)	\$ 73,393



Additional Auditors' Reports

These additional reports are required by *Governmental Auditing Standards* and the Utah State Auditor's Office, respectively.



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDELA HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
American Fork City
American Fork, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of American Fork City, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the American Fork City's basic financial statements, and have issued our report thereon dated December 18, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Fork City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Fork City's internal control. Accordingly, we do not express an opinion on the effectiveness of American Fork City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Fork City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances on noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 18, 2014



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDELA HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE
STATE COMPLIANCE AUDIT GUIDE ON:
COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
COMPLIANCE FOR EACH MAJOR STATE PROGRAM
INTERNAL CONTROL OVER COMPLIANCE AND
SCHEDULE OF EXPENDITURES OF STATE AWARDS**

Honorable Mayor and City Council
American Fork City
American Fork, Utah

***REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND FOR
EACH MAJOR STATE PROGRAM***

We have audited American Fork City's compliance with applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on American Fork City or each of its major state programs for the year ended June 30, 2014.

The general compliance requirements applicable to the City are identified as follows:

- Budgetary Compliance
- Fund Balance
- Utah Retirement System Compliance
- Transfers from Utility Enterprise Funds
- Cash Management
- Impact Fees
- Nepotism
- Utah Public Finance Website
- Open & Public Meetings Act

The City received state funding from the following programs classified as major programs for the year ended June 30, 2014:

B&C Road funds

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on American Fork City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial

audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City or its major state programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, American Fork City complied, in all material respects, with the compliance requirements identified above that could have a direct and material effect on the City or on its major state programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in a separate letter to management dated December 20, 2014. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying letter to management. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT OF INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

We have audited the financial statements of the governmental activities, *the business-type activities*, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 20, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gilbert & Stewart

GILBERT & STEWART

Certified Public Accountants

December 18, 2014



Statistical Section

AMERICAN FORK CITY
Schedule of Expenditures of State Grants, Contracts and Loan Funds
For the Year Ended June 30, 2014

Grant Name	Award/Contract # (if applicable)	Expenditures
<u>State of Ut. Bureau of Emergency Med Services</u>		
Per Capita Grant		\$ 5,112
Utah Emergency Med Services Grant		5,261
Safety Items		1,000
Subtotal – State of UT Bureau of Emergency Med Services		\$ 11,373
<u>State of Utah Division of Natural Resources</u>		
Utah Fire Department Assistance Grant, Mainstreet Program		\$ 14,571
Subtotal – State of Utah Division of Natural Resources		\$ 14,571
<u>Utah State Library Division</u>		
Community Library Enhancement Fund	USL-13-0174	\$ 7,578
Subtotal – Utah State Library Division		\$ 7,578
DUI Enforcement		\$ 806
DUI Enforcement		994
DUI Enforcement		1,517
DUI Enforcement		415
Highway Safety Grant		481
Tobacco Compliance		645
Search and Rescue Grant		925
Subtotal –Department of Public Safety		\$ 5,783
<u>Utah County Restaurant Tax Grant</u>		
Utah County		\$ 15,612
Subtotal – Utah County		\$ 15,612
<u>VOCA</u>		
Victims of Crime Act	94-638-4336	\$ 36,869
Subtotal – VOCA		\$ 36,869
<u>Economic Development</u>		
Match Grant Cycle 33		\$ 1,000
Subtotal – Economic Development		\$ 1,000
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES		\$ 92,786

AMERICAN FORK CITY
General Property Tax Levies and Collections

Year End 12/31	Total Taxes Assessed	Current Collections	Delinquent Collections	Total Collected	Percentage of Current Collection To Total Taxes Assessed	Percentage of Total Collections to Total Taxes Assessed
2013	\$ 3,896,608	\$ 3,663,381	\$ 372,668	\$ 4,036,049	94.0%	100.0%
2012	3,851,323	3,557,369	288,341	3,845,710	90.8%	99.9%
2011	3,834,742	3,611,168	356,267	3,967,435	90.8%	100.0%
2010	3,744,381	3,398,338	203,333	3,601,671	90.8%	96.2%
2009	3,671,706	3,313,576	178,726	3,492,302	90.3%	95.1%
2008	3,576,173	3,286,524	183,639	3,470,163	91.9%	97.0%
2007	3,086,682	2,846,771	175,515	3,022,286	92.2%	97.9%
2006	2,937,118	2,744,307	178,422	2,922,729	93.4%	99.5%
2005	2,136,675	1,981,991	121,459	2,103,450	92.8%	98.4%
2004	2,044,935	1,899,077	123,663	2,022,740	92.9%	98.9%
2003	1,980,106	1,838,706	167,435	2,066,141	92.9%	100.0%
2002	1,875,014	1,645,261	168,903	1,814,164	87.7%	96.8%
2001	1,579,871	1,421,326	133,070	1,554,396	90.0%	98.4%
2000	1,532,992	1,386,417	118,486	1,504,903	90.4%	98.2%
1999	1,406,330	1,280,964	76,587	1,357,551	91.1%	96.5%
1998	1,314,776	1,216,895	53,855	1,270,750	92.6%	96.7%
1997	1,220,141	1,127,891	39,714	1,167,605	92.4%	95.7%
1996	1,114,771	1,064,158	41,840	1,105,998	95.5%	99.2%
1995	1,027,826	996,756	35,611	1,032,367	97.0%	100.0%
1994	1,003,865	952,345	31,294	983,639	94.9%	98.0%
1993	897,267	838,620	28,591	867,211	96.1%	96.7%
1992	847,042	806,533	29,688	836,221	95.2%	98.7%
1991	769,240	730,086	28,230	758,319	94.9%	98.6%
1990	729,987	683,291	41,832	725,123	93.6%	99.3%
1989	729,944	681,276	46,172	727,448	93.3%	99.7%
1988	728,819	650,374	37,328	687,702	89.2%	94.4%
1987	738,066	657,797	49,324	707,121	89.1%	95.8%
1986	711,782	633,373	42,597	675,970	89.0%	95.0%
1985	689,701	614,114	53,239	667,353	89.0%	96.8%
1984	586,759	524,010	32,159	556,169	89.3%	94.8%

Source: Utah County Treasurer's Office

Note: If total collections for year (including collections in subsequent years) are over 100% of levy,
" percentage of levy" has been rounded to 100%

AMERICAN FORK CITY
Net Assets by Component
Ten Fiscal Years
(Accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Fiscal Year</u> <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 38,296,273	\$ 44,714,801	\$ 49,121,818	\$ 56,355,612	\$ 54,937,813	\$ 56,223,597	\$ 57,444,244	\$ 63,582,936	\$ 68,037,854	\$ 71,127,403
Restricted	1,236,888	957,335	1,306,143	1,466,818	1,927,465	1,507,322	1,104,029	750,241	5,506,968	5,183,412
Unrestricted	3,581,857	2,750,596	7,753,316	5,082,933	9,823,894	11,037,290	11,397,457	10,709,268	8,920,178	9,904,569
Total government activities net assets	<u>43,115,018</u>	<u>48,422,732</u>	<u>58,181,277</u>	<u>62,905,363</u>	<u>66,689,172</u>	<u>68,768,209</u>	<u>69,945,730</u>	<u>75,042,445</u>	<u>82,465,000</u>	<u>86,215,384</u>
Business-type activities										
Invested in capital assets, net of related debt	27,144,412	28,236,523	29,045,387	29,413,419	30,371,865	24,982,222	41,068,585	41,371,052	45,269,062	47,049,142
Restricted	1,814,605	342,458	509,729	44,676,742	19,792,271	780,940	688,409	366,150	450,740	320,639
Unrestricted	11,903,414	16,402,993	18,985,297	(23,165,904)	118,029	24,844,906	9,026,278	8,888,759	6,099,071	7,493,681
Total business-type activities net assets	<u>40,862,431</u>	<u>44,981,974</u>	<u>48,540,413</u>	<u>50,924,257</u>	<u>50,282,165</u>	<u>50,608,068</u>	<u>50,783,272</u>	<u>50,625,961</u>	<u>51,818,873</u>	<u>54,863,462</u>
Primary government										
Invested in capital assets, net of related debt	65,440,685	72,951,324	78,167,205	85,769,031	85,309,678	81,205,819	98,512,829	104,953,988	113,306,916	118,176,545
Restricted	3,051,493	1,299,793	1,815,872	46,143,560	21,719,736	2,288,262	1,792,438	1,116,391	5,957,708	5,504,051
Unrestricted	15,485,271	19,153,589	26,738,613	(18,082,971)	9,941,923	35,882,196	20,423,735	19,598,027	15,019,249	17,398,250
Total primary government net assets	<u>\$ 83,977,449</u>	<u>\$ 93,404,706</u>	<u>\$ 106,721,690</u>	<u>\$ 113,829,620</u>	<u>\$ 116,971,337</u>	<u>\$ 119,376,277</u>	<u>\$ 120,729,002</u>	<u>\$ 125,668,406</u>	<u>\$ 134,283,873</u>	<u>\$ 141,078,846</u>

Note: The City began reporting accrual information when it implemented GASB Statement in fiscal year 2003

AMERICAN FORK CITY
Changes in Net Position
Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 2,411,173	\$ 2,528,811	\$ 1,219,973	\$ 2,879,228	\$ 3,076,279	\$ 2,788,774	\$ 3,055,046	\$ 3,295,300	\$ 2,890,554	\$ 3,159,806
Public safety	3,858,693	3,870,707	4,854,730	5,006,464	5,458,011	5,086,498	5,557,713	5,941,973	6,253,368	6,595,672
Public improvements	2,543,259	837,327	2,173,921	2,387,601	3,141,512	3,644,624	4,498,409	2,675,512	2,942,688	3,815,687
Parks and recreation	2,242,693	2,561,160	2,732,048	3,634,641	2,933,637	3,773,652	3,779,536	3,844,036	3,658,139	4,595,149
Other	2,397,979	3,138,093	3,319,258	2,972,697	3,399,805	2,673,129	2,856,238	3,012,007	3,439,593	2,126,310
Interest on long-term debt	1,463,550	1,319,465	1,404,864	1,097,556	1,058,356	1,023,842	843,567	707,453	570,466	463,498
Total governmental activities expense	14,917,347	14,255,563	15,704,794	17,978,187	19,067,600	18,990,519	20,590,509	19,476,281	19,754,808	20,756,122
Business-type activities										
Water and sewer	3,816,664	4,206,632	4,157,446	5,345,574	6,750,678	8,493,299	10,771,893	10,409,632	11,136,987	11,385,465
Broadband	1,082,808	1,043,739	1,226,210	1,128,852	822,148	697,509	627,666	526,548	456,574	313,049
Total business-type activities expense	4,899,472	5,250,371	5,383,656	6,474,426	7,572,826	9,190,808	11,399,559	10,936,180	11,593,561	11,698,514
Total primary government expenses	19,816,819	19,505,934	21,088,450	45,231,202	26,640,426	28,181,327	31,990,068	30,412,461	31,348,369	32,454,636
Program Revenues										
Governmental activities:										
Fees, Fines and Charges for Services										
General government	1,245,570	1,619,267	1,561,041	1,518,367	2,120,754	2,113,141	2,359,828	2,391,351	2,930,625	2,826,086
Public safety	1,464,463	1,508,108	1,691,651	1,838,491	1,157,813	1,145,352	1,553,995	1,466,218	1,829,863	1,657,404
Public improvements	141,667	228,462	198,758	139,503	358,266	-	-	-	-	-
Parks and recreation	1,263,858	1,318,843	1,653,039	1,905,539	2,342,928	2,229,031	2,146,883	2,224,513	2,676,950	2,580,805
Other	331,403	263,349	266,686	271,956	1,121,370	1,388,158	1,418,492	1,444,883	1,341,281	1,353,946
Operating grants and contributions	852,465	784,526	926,961	930,616	825,598	867,489	1,025,270	1,016,569	956,816	903,488
Capital grants and contributions	1,556,363	1,375,695	4,489,786	1,532,680	790,347	1,119,793	720,047	2,603,074	3,792,164	726,306
Total governmental activities program revenues	6,855,789	7,098,250	10,787,922	8,137,152	8,717,076	8,862,964	9,224,515	11,146,608	13,527,699	10,048,035
Business-type activities:										
Charges for services:										
Water and Sewer	5,031,291	5,779,771	6,207,995	6,865,816	6,392,850	8,287,361	9,875,728	10,186,324	10,496,252	13,406,241
Broadband	376,604	805,661	438,431	558,783	193,480	195,572	258,309	187,345	233,974	217,380
Capital grants and contributions	1,352,630	3,860,878	3,309,045	2,111,484	47,170	325,838	1,500,194	465,969	1,536,480	563,106
Total business-type activities program revenues	6,760,525	10,446,310	9,955,471	9,536,083	6,633,500	8,808,771	11,634,231	10,839,638	12,266,706	14,186,727
Total primary governmental program revenues	\$ 13,616,314	\$ 17,544,560	\$ 20,743,393	\$ 17,673,235	\$ 15,350,576	\$ 17,671,735	\$ 20,858,746	\$ 21,986,246	\$ 25,794,405	\$ 24,234,762

AMERICAN FORK CITY
Changes in Net Position (*Continued*)
Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense) Revenue										
Governmental activities	\$ (8,061,558)	\$ (7,157,314)	\$ (4,916,872)	\$ (9,841,036)	\$ (10,350,524)	\$ (10,127,555)	\$ (11,365,994)	\$ (8,329,674)	\$ (6,227,109)	\$ (10,701,622)
Business-type activities	1,861,053	5,195,939	4,571,816	3,061,657	(939,326)	(382,037)	234,672	(96,542)	673,145	2,488,213
Total primary government net expense	(6,200,505)	(1,961,375)	(345,056)	(6,779,379)	(11,289,850)	(10,509,592)	(11,131,322)	(8,426,216)	(5,553,964)	(8,213,409)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Advalorem	3,136,952	3,252,007	4,234,198	4,247,794	5,164,096	5,269,656	5,290,281	5,673,259	5,497,187	5,606,622
Sales	4,225,068	4,810,204	5,755,237	6,041,850	5,406,026	4,935,413	5,095,374	5,534,281	5,910,616	6,235,351
Energy sales and use tax	1,060,076	1,257,056	1,153,990	1,314,569	1,354,933	1,421,454	1,390,990	1,443,249	1,564,161	1,660,027
Franchise	416,704	518,352	590,746	587,619	617,639	615,502	539,928	552,085	528,945	515,903
Interest income	240,687	611,079	706,141	648,178	335,917	106,389	89,923	111,844	93,645	34,178
Gain (loss) on sale/retirement of capital assets	9,875	(152)	83,058	12,000	(17,597)	77,678	38,919	(9,430)	-	83,532
Miscellaneous	376,020	826,216	991,045	552,111	-	-	-	-	-	-
Transfers	(2,649,787)	1,190,267	1,161,000	1,161,000	(308,200)	(219,400)	98,000	121,100	124,900	322,858
Total governmental activities	6,815,595	12,465,029	14,675,415	14,565,121	12,552,814	12,206,692	12,543,415	13,426,388	13,719,454	14,458,471
Business-type activities:										
Interest income	-	113,871	147,622	483,187	109,035	120,607	38,530	60,331	62,392	47,249
Gain (loss) on disposal of capital assets	117,280	-	-	-	-	367,933	-	-	582,274	831,983
Transfers	2,649,787	(1,190,267)	(1,161,000)	(1,161,000)	308,200	219,400	(98,000)	(121,100)	(124,900)	(322,858)
Total business-type activities	2,767,067	(1,076,396)	(1,013,378)	(677,813)	417,235	707,940	(59,470)	(60,769)	519,766	556,374
Total primary government	9,582,662	11,388,633	13,662,037	13,887,308	12,970,049	12,914,632	12,483,945	13,365,619	14,239,220	15,014,845
Change in Net Assets										
Governmental activities	(1,245,963)	5,307,715	9,758,543	4,724,085	2,202,290	2,079,137	1,177,421	5,096,714	7,492,345	3,756,849
Business-type activities	4,628,120	4,119,543	3,558,438	2,383,844	(522,091)	325,903	175,202	(157,311)	1,192,911	3,044,587
Total primary government	\$ 3,382,157	\$ 9,427,258	\$ 13,316,981	\$ 7,107,929	\$ 1,680,199	\$ 2,405,040	\$ 1,352,623	\$ 4,939,403	\$ 8,685,256	\$ 6,801,436

AMERICAN FORK CITY
Fund Balances, Governmental Funds
Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 169,420	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	1,574,127	2,220,613	2,350,589	2,474,680	3,653,921	3,887,377	3,140,856	3,101,400	5,080,031	5,085,473
Total general fund	<u>\$ 1,574,127</u>	<u>\$ 2,220,613</u>	<u>\$ 2,350,589</u>	<u>\$ 2,474,680</u>	<u>\$ 3,823,341</u>	<u>\$ 3,887,377</u>	<u>\$ 3,140,856</u>	<u>\$ 3,101,400</u>	<u>\$ 5,080,031</u>	<u>\$ 5,085,473</u>
All Other Governmental Funds										
Restricted	\$ 7,356,098	\$ 4,111,206	\$ 4,597,509	\$ 5,453,366	\$ 5,065,281	\$ 5,501,891	\$ 3,598,813	\$ 4,246,766	\$ -	\$ 5,183,412
Assigned	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-	117,122	209,416	192,162	312,560
Capital Projects Funds	-	-	-	-	-	-	5,227,300	3,305,204	5,537,119	3,560,872
Debt Service Funds	-	-	-	-	-	-	700,281	770,000	793,825	870,964
Non-Major Funds	-	-	-	-	-	-	114,466	89,373	2,886,525	624
Unassigned reported in:										
Special Revenue Funds	1,508,890	1,759,503	1,831,379	1,917,834	2,268,119	2,269,405	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Debt Service Funds	586,154	660,744	658,504	690,420	669,170	670,268	-	-	-	-
Non-Major Funds	425,695	446,662	463,019	483,410	504,145	517,479	-	-	-	6,421
Total all other governmental funds	<u>\$ 9,876,837</u>	<u>\$ 6,978,115</u>	<u>\$ 7,550,411</u>	<u>\$ 8,545,030</u>	<u>\$ 8,506,715</u>	<u>\$ 8,959,043</u>	<u>\$ 9,757,982</u>	<u>\$ 8,620,759</u>	<u>\$ 9,409,631</u>	<u>\$ 9,934,853</u>

AMERICAN FORK CITY
Changes in Fund Balance, Governmental Funds
Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes	\$ 8,838,800	\$ 9,837,618	\$ 11,734,171	\$ 12,191,832	\$ 12,347,622	\$ 12,103,638	\$ 12,462,621	\$ 13,149,836	\$ 13,532,623	\$ 14,089,752
Licenses, fees, and permits	432,302	670,562	556,086	462,946	241,239	246,687	395,073	426,757	725,491	514,042
Intergovernmental	861,015	789,076	927,211	940,116	811,147	867,489	1,025,270	2,701,902	2,793,857	903,488
Charges for services	1,086,322	1,478,382	1,577,596	1,771,468	2,782,303	2,878,105	3,349,109	3,336,093	3,862,975	3,585,168
Other fees and services	1,675,957	1,462,198	1,762,935	1,912,291	2,651,013	2,651,729	2,534,847	2,563,588	3,533,816	3,581,875
Fines and forfeitures	790,189	716,101	850,084	891,844	882,910	935,238	940,839	844,292	337,822	296,228
Interest income	240,687	611,079	706,141	648,178	335,917	285,892	89,923	111,844	93,645	83,533
Miscellaneous	851,816	1,450,711	1,698,327	1,189,918	569,260	807,076	1,054,168	1,274,031	2,250,978	1,177,311
Total Revenues	<u>\$ 14,777,088</u>	<u>\$ 17,015,727</u>	<u>\$ 19,812,551</u>	<u>\$ 20,008,593</u>	<u>\$ 20,621,411</u>	<u>\$ 20,775,854</u>	<u>\$ 21,851,850</u>	<u>\$ 24,408,343</u>	<u>\$ 27,131,207</u>	<u>\$ 24,231,397</u>
Expenditures										
General government	2,171,525	2,196,983	2,401,722	2,761,585	2,680,292	2,548,763	2,783,295	3,077,211	2,804,075	3,193,087
Public safety	3,440,339	3,442,318	3,913,139	4,209,233	4,643,140	4,752,452	5,309,135	5,807,469	6,096,035	6,234,622
Public improvements	1,546,782	1,661,359	2,153,445	2,113,378	2,290,561	2,914,270	3,263,774	2,389,844	3,059,266	3,186,887
Parks and Recreation	2,135,682	2,286,158	2,683,034	3,257,309	3,434,719	3,295,999	3,308,963	3,494,917	4,341,405	4,211,446
Other	1,899,098	1,968,734	2,156,931	2,604,969	2,510,765	2,509,787	2,733,750	2,846,528	2,052,477	2,023,758
Debt service										
Principal	5,443,708	2,401,000	2,324,000	2,407,572	2,118,000	2,143,000	2,222,000	5,896,613	2,264,709	2,123,297
Interest	1,481,042	1,309,229	1,223,904	1,124,990	1,026,699	1,099,881	858,174	809,761	582,523	468,297
Other									30,322	41,103
Capital outlay	4,136,223	6,038,139	3,411,560	1,508,761	1,850,207	805,940	1,851,798	3,810,830	4,351,615	2,787,682
Total expenditures	<u>\$ 22,254,399</u>	<u>\$ 21,303,920</u>	<u>\$ 20,267,735</u>	<u>\$ 19,987,797</u>	<u>\$ 20,554,383</u>	<u>\$ 20,070,092</u>	<u>\$ 22,330,889</u>	<u>\$ 28,133,173</u>	<u>\$ 25,582,427</u>	<u>\$ 24,270,179</u>
Excess of revenues over (under) expenditures	\$ (7,477,311)	\$ (4,288,193)	\$ (455,184)	\$ 20,796	\$ 67,028	\$ 705,762	\$ (479,039)	\$ (3,724,830)	\$ 1,548,780	\$ (38,782)

AMERICAN FORK CITY
Changes in Fund Balance, Governmental Funds (*Continued*)
Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Other Financing Sources (Uses)										
Proceeds from debt	\$ 11,609,024	\$ 903,095	\$ 63,478	\$ -	\$ -	\$ -	\$ 433,460	\$ 777,051	\$ 1,092,000	\$ 199,684
Proceeds of refunding bonds	11,435,723.00	-	-	-	-	-	6,302,017	1,650,000	1,517,000	3,393,000
Payment to bond refunding escrow	(11,435,723)	-	-	-	-	-	(6,204,017)	-	(1,515,178)	(3,346,100)
Transfers in	3,404,501	3,931,323	8,496,146	7,650,997	5,691,260	5,878,699	-	6,865,814	3,835,875	61,561,192
Transfers out	(2,348,376)	(2,798,462)	(7,402,168)	(6,553,083)	(5,999,460)	(6,098,099)	-	(6,744,714)	(3,710,975)	(5,833,336)
Total other financing sources (uses)	<u>12,665,149</u>	<u>2,035,956</u>	<u>1,157,456</u>	<u>1,097,914</u>	<u>(308,200)</u>	<u>(219,400)</u>	<u>531,460</u>	<u>2,548,151</u>	<u>1,218,722</u>	<u>55,974,440</u>
Net change in fund balances	<u>\$ 5,187,838</u>	<u>\$ (2,252,237)</u>	<u>\$ 702,272</u>	<u>\$ 1,118,710</u>	<u>\$ (241,172)</u>	<u>\$ 486,362</u>	<u>\$ 52,421</u>	<u>\$ (1,176,679)</u>	<u>\$ 2,767,502</u>	<u>\$ 55,935,658</u>
Debt service as a percentage of noncapital expenditures	38.2%	24.3%	21.0%	19.1%	16.8%	16.8%	15.0%	27.6%	13.4%	12.1%

AMERICAN FORK CITY
Assessed Value of Taxable Property
Ten Fiscal Years

Fiscal Year	Residential Property	Commerical and Industrial Property	Agricultural Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	\$ 552,268,103	\$ 394,861,439	\$ 16,127,181	\$ 963,256,723	0.00230	\$ 714,736,077	0.742
2006	574,692,439	423,463,368	14,613,139	1,012,768,946	0.00276	754,157,348	0.745
2007	701,447,907	443,687,345	14,712,287	1,159,847,539	0.00273	844,195,981	0.728
2008	928,832,268	527,547,481	13,605,654	1,469,985,403	0.00221	1,052,010,882	0.716
2009	932,537,823	639,468,432	14,358,487	1,586,364,742	0.00243	1,166,722,722	0.735
2010	835,300,357	812,736,169	5,040,067	1,653,076,593	0.00242	1,277,191,432	0.773
2011	800,214,557	755,695,968	2,849,791	1,558,760,316	0.00263	1,198,663,765	0.769
2012	777,929,770	712,426,278	3,486,865	1,493,842,913	0.00279	1,143,774,517	0.766
2013	740,688,571	668,162,214	80,519,369	1,489,370,154	0.00281	1,156,060,297	0.776
2014	769,590,106	682,494,650	77,760,174	1,529,844,930	0.00275	1,183,529,382	0.774

Source: Utah State Tax Commission - Property Tax Division, Utah County Assessor's Office

AMERICAN FORK CITY
Overlapping Property Tax Rates
Ten Fiscal Years
(Rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates					
	City Rates	Total Direct Rate	Utah County	Central Ut. Water Con. District	Alpine School District	State Assessing and Collecting	County Assessing and Collecting	North Utah Co. Water Conserv. District
2004	2.298	2.298	1.065	0.353	8.119	0.180	0.180	0.035
2005	2.276	2.276	1.040	0.000	8.082	0.173	0.178	0.033
2006	2.731	2.731	1.079	0.357	6.883	0.139	0.044	0.028
2007	2.213	2.213	0.843	0.302	6.937	0.121	0.036	0.022
2008	2.426	2.426	0.809	0.286	7.057	0.121	0.175	0.022
2009	2.423	2.423	0.878	0.400	7.541	0.142	0.183	0.024
2010	2.630	2.630	1.108	0.421	8.220	0.162	0.024	0.026
2011	2.794	2.794	1.143	0.436	8.812	0.172	0.114	0.027
2012	2.812	2.812	1.127	0.455	8.828	0.168	0.029	0.029
2013	2.750	2.750	1.259	0.446	8.699	0.158	0.095	0.028
2014	2.540	2.540	0.220	0.422	8.096	0.013	0.916	0.025

Source: Utah County

AMERICAN FORK CITY
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2013			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Real Estate Business Trust	\$ 16,327,500	1	0.43%			
Pacificorp	15,177,115	2	0.40%			
American Fork Medical Investment	10,474,900	3	0.27%			
AFCC II	10,285,300	4	0.27%			
C&R North Pointe Building "D" LLC	9,542,900	5	0.25%			
AFCC Limited	9,275,900	6	0.24%			
Questar Gas	8,360,998	7	0.22%			
Target Corporation	8,021,100	8	0.21%			
HD Development of Maryland	8,012,000	9	0.21%			
Tropical Development LLC	7,844,000	10	0.20%			
Qwest Corp FKA U S West Comm				\$ 16,415,819	1	2.05%
Twin Laboratories Inc				8,411,647	2	1.05%
Pacificorp				8,105,350	3	1.01%
AFCC Limited				5,758,632	4	0.72%
Northwood Properties LC				5,688,665	5	0.71%
Wal Mart Realty Company				5,209,138	6	0.65%
Tropical Development LLC				5,200,000	7	0.65%
DJ Smith Investments				4,468,146	8	0.56%
K & G Hayashi				4,281,873	9	0.53%
Smith Management Co				4,136,869	10	0.52%
Total	<u>\$ 103,321,713</u>		<u>2.69%</u>	<u>\$ 67,676,139</u>		<u>8.45%</u>

Source: Utah County Assessors Office

AMERICAN FORK CITY
Property Taxes Levied and Collections
Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$2,044,935	\$1,899,077	92.87%	\$116,119	\$2,015,196	98.55%
2006	2,136,675	1,981,991	92.76%	115,718	2,097,709	98.18%
2007	2,937,118	2,744,307	93.44%	178,422	2,922,729	99.51%
2008	3,057,731	2,846,771	93.10%	175,515	3,022,286	98.84%
2009	3,590,073	3,286,524	91.54%	183,639	3,470,163	96.66%
2010	3,671,498	3,313,576	90.25%	178,726	3,492,302	95.12%
2011	3,757,932	3,398,338	90.43%	203,333	3,601,671	95.84%
2012	3,846,022	3,611,168	93.89%	356,267	3,967,435	100.00%
2013	3,851,323	3,557,369	92.37%	288,341	3,845,710	99.85%
2014	3,896,614	3,663,388	94.01%	360,390	4,023,778	100.00%

Source: Utah County Treasurer's Office

Note: If total collections for year (including collections in subsequent years) are over 100% of levy,
" percentage of levy" has been rounded to 100%

AMERICAN FORK CITY
Taxable Sales by Category
Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Retail/Grocery	\$228,284	\$207,241	\$208,602	\$288,505	\$273,233	\$175,917	\$169,921	\$192,332	\$339,464	\$233,266
Retail/Other	1,366,280	1,564,204	1,762,691	2,068,539	2,020,660	1,573,762	1,611,769	1,715,005	1,839,847	1,907,845
Utility/Communication	273,045	285,333	314,499	368,927	495,380	392,457	393,650	262,981	433,668	482,345
Auto dealers, recreational retail & supplies	1,382,605	1,552,186	1,882,886	1,760,534	1,326,918	1,223,586	1,416,855	1,639,664	1,863,039	2,086,079
Auto repair and maintenance	42,331	70,599	56,246	67,439	65,560	56,595	56,982	86,397	97,746	92,595
Clothing retail	143,299	248,421	328,086	374,753	364,189	544,528	380,169	404,451	408,030	458,329
Eating & drinking establishments	311,857	431,051	509,587	550,787	575,565	595,826	623,452	692,444	702,486	766,549
Home furnishings and appliances	8,041	13,506	21,127	13,598	13,998	9,631	10,729	58,028	19,742	30,204
Health services and supplies	21,974	22,266	25,227	26,673	109,131	30,261	46,748	46,689	58,983	78,292
Service stations & car washes	79,010	81,379	97,482	93,598	74,787	69,936	79,408	210,933	166,773	139,848
Hair care & dry cleaning	15,860	21,948	24,543	30,945	30,145	34,474	24,128	25,503	37,133	38,024
Photography, floral art, cultural and hobby	59,424	69,366	77,471	103,865	44,423	81,777	74,093	117,962	151,142	148,684
Fitness and entertainment	69,185	31,751	173,111	203,193	134,557	190,522	155,612	203,236	203,407	227,060
Construction and home improvement	418,919	468,192	676,348	582,134	521,052	429,347	408,920	391,072	647,420	671,902
All other outlets	173,948	230,448	282,590	362,866	395,570	495,018	692,875	726,939	463,799	472,475
Utah State Tax- Motor Vehicle	61,286	58,127	77,566	64,000	65,945	60,156	50,631	62,204	63,060	65,528
Totals	<u>\$4,655,348</u>	<u>\$5,356,018</u>	<u>\$6,518,062</u>	<u>\$6,960,356</u>	<u>\$6,511,113</u>	<u>\$5,963,793</u>	<u>\$6,195,942</u>	<u>\$6,835,840</u>	<u>\$7,495,739</u>	<u>\$7,899,025</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Utah State Tax Commission

Notes: Sales tax generated in American Fork City

All sales tax amounts reported here are shown on a cash-basis.

Sales tax shown here is reported on a POS (point of sale) basis; actual cash distributions will differ due to the distribution formula utilized by the State.

AMERICAN FORK CITY
Direct and Overlapping Sales Tax Rates
Ten Fiscal Years

Fiscal Year	American Fork City Direct Rate	Utah County	State of Utah	Mass Transit Tax
2005	1.00%	0.25%	4.75%	0.25%
2006	1.00%	0.25%	4.75%	0.25%
2007	1.00%	0.25%	4.75%	0.50%
2008	1.00%	0.25%	4.65%	0.55%
2009	1.00%	0.25%	4.70%	0.80%
2010	1.00%	0.25%	4.70%	0.80%
2011	1.00%	0.25%	4.70%	0.80%
2012	1.00%	0.25%	4.70%	0.80%
2013	1.00%	0.25%	4.70%	0.80%
2014	1.00%	0.25%	4.70%	0.80%

Sources: Utah State Tax Commission <http://www.tax.utah.gov/sales/rates.html>

AMERICAN FORK CITY
Sales Tax Payers by Industry
Fiscal Years 2004 and 2014

	Fiscal Year 2004				Fiscal Year 2014			
	Number of Filers	Percentage of Total	Tax Revenue	Percentage of Total	Number of Filers	Percentage of Total	Tax Revenue	Percentage of Total
Retail/Grocery	8	1.16%	\$265,998	6.96%	61	1.82%	\$233,266	2.95%
Retail/Other	66	9.55%	960,158	25.13%	244	7.28%	1,907,845	24.15%
Utility/Communication	62	8.97%	142,299	3.72%	147	4.39%	482,345	6.11%
Auto dealers, recreational retail & supplies	48	6.95%	1,393,976	36.49%	98	2.92%	2,086,079	26.41%
Auto repair and maintenance	27	3.91%	41,864	1.10%	42	1.25%	92,595	1.17%
Clothing retail	10	1.45%	17,685	0.46%	160	4.77%	458,329	5.80%
Eating & drinking establishments	54	7.81%	223,199	5.84%	106	3.16%	766,549	9.70%
Home furnishings and appliances	11	1.59%	5,927	0.16%	46	1.37%	30,204	0.38%
Medical	38	5.50%	35,344	0.93%	270	8.06%	78,292	0.99%
Service stations & car washes	17	2.46%	64,045	1.68%	21	0.63%	139,848	1.77%
Hair care & dry cleaning	30	4.34%	12,285	0.32%	90	2.69%	38,024	0.48%
Photo, floral art, cultural and hobby	48	6.95%	61,059	1.60%	90	2.69%	148,684	1.88%
Fitness and entertainment	57	8.25%	84,106	2.20%	129	3.85%	227,060	2.87%
All other outlets	197	28.51%	158,573	4.15%	1759	52.49%	472,475	5.98%
Construction, home improvement	17	2.46%	297,581	7.79%	87	2.60%	671,902	8.51%
Utah State Tax - Motor Vehicle	1	0.14%	56,513	1.48%	1	0.03%	65,528	0.83%
Total	691	100.00%	\$3,820,612	100.00%	3351	100.00%	\$7,899,025	100.00%

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of American Fork City's revenue.

All sales tax amounts reported here are shown on a cash-basis, POS (point of sale).
Actual cash distributions will differ due to the distribution formula utilized by the State.

AMERICAN FORK CITY
Charges for Water Fees
Ten Fiscal Years

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water Sales	\$ 2,049,924	\$ 1,905,391	\$ 2,260,759	\$ 2,372,378	\$ 2,550,846	\$ 2,974,057	\$ 2,504,513	\$ 3,253,086	\$ 4,445,394	\$ 3,758,305
Secondary Water	-	-	-	46,689	188,141	958,048	1,505,077	-	1,673,190	2,147,205
Other	100,479	75,359	142,276	390,295	57,385	120,567	97,845	1,618,384	610,819	1,344,831
Totals	<u>\$ 2,150,403</u>	<u>\$ 1,980,750</u>	<u>\$ 2,403,035</u>	<u>\$ 2,809,364</u>	<u>\$ 2,796,372</u>	<u>\$ 4,052,672</u>	<u>\$ 4,107,435</u>	<u>\$ 4,871,470</u>	<u>\$ 6,729,403</u>	<u>\$ 7,250,341</u>

Source: American Fork City

Note: Other includes: Other fees, Hook-up fees, Late fees

AMERICAN FORK CITY
Charges for Sewer and Storm Drain
Ten Fiscal Years

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Sewer Sales	\$ 1,965,361	\$ 2,253,234	\$ 2,324,741	\$ 2,391,085	\$ 2,426,065	\$ 2,846,165	\$ 4,319,004	\$ 4,374,784	\$ 4,468,923	\$ 4,524,695
Storm Drain Fees	276,819	340,612	422,614	481,005	546,283	546,647	725,766	832,290	868,732	976,958
Other	60,114	159,821	143,862	129,587	51,278	76,234	78,172	74,563	102,384	139,968
Totals	<u>\$ 2,302,294</u>	<u>\$ 2,753,667</u>	<u>\$ 2,891,217</u>	<u>\$ 3,001,679</u>	<u>\$ 3,023,626</u>	<u>\$ 3,469,046</u>	<u>\$ 5,122,942</u>	<u>\$ 5,281,637</u>	<u>\$ 5,440,039</u>	<u>\$ 5,641,621</u>

Source: American Fork City

Note: Other includes: Other fees, Hook-up fees

AMERICAN FORK CITY
Ratios of Outstanding Debt by Type
Ten Years
(Dollars in thousands)

Fiscal Year	Governmental Activities					Business-type Activities		
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Leases	General Obligation Bonds	Special Assessment Bonds	Leases	Total Primary Gov. Debt
2005	\$ 20,010	\$ 6,037	\$ 5,478	\$ 33	\$ 464	\$ -	\$ 6	\$ 37,393
2006	18,685	5,510	4,929	779	254	-	4	35,211
2007	17,315	5,105	4,380	623	209	-	3	32,360
2008	15,935	4,680	3,831	403	45	-	1	25,245
2009	14,790	4,255	3,283	250	47,069	-	-	73,682
2010	13,595	3,855	2,735	90	47,024	-	-	70,969
2011	12,355	3,420	2,188	330	46,460	-	-	68,038
2012	11,090	2,980	-	807	45,355	-	-	63,117
2013	9,757	3,612	-	209	44,185	-	-	58,563
2014	8,398	3,110	-	326	42,970	-	-	55,573

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

AMERICAN FORK CITY
Ratios of Outstanding Debt as a Percentage of Personal Income and Property Value
Ten Years
(Dollars in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Ratio of total debt outstanding as a percentage of personal income:												
Total Debt	\$55,573	\$58,563	\$63,117	\$68,038	\$70,969	\$73,682	\$25,245	\$32,360	\$35,211	\$37,393	\$32,326	\$33,049
Personal Income (based on Previous Year's Average Federal AGI)	\$540,082	\$540,082	\$522,828	\$506,221	\$471,354	\$461,848	\$481,848	\$502,510	\$477,883	\$408,580	\$365,730	\$344,449
Ratio of total debt outstanding as a percentage of personal income:	10.29%	10.84%	12.07%	13.44%	15.06%	15.95%	5.24%	6.44%	7.37%	9.15%	8.84%	9.59%
Ratio of general bonded debt to estimated actual value of property:												
General bonded debt to be repaid from property taxes	\$51,368	\$53,942	\$56,445	\$58,815	\$60,619	\$61,859	\$15,980	\$17,524	\$18,939	\$20,474	\$21,564	\$22,759
Taxable assessed value	\$1,529,845	\$1,489,370	\$1,493,843	\$1,558,760	\$1,653,077	\$1,586,365	\$1,469,985	\$1,159,847	\$1,012,769	\$963,257	\$14,726,155	\$1,470,132
Ratio of general bonded debt to assessed value of property	3.36%	3.62%	3.78%	3.77%	3.67%	3.90%	1.09%	1.51%	1.87%	2.13%	0.15%	1.55%
Population (Per Census)	27,813	27,147	26,814	26,401	26,263	27,019	26,590	24,546	25,131	24,810	24,404	23,674
Total Debt per Capita (in thousands)	\$2.00	\$2.16	\$2.35	\$2.58	\$2.70	\$2.73	\$0.95	\$1.32	\$1.40	\$1.51	\$1.32	\$1.40

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Personal income - www.tax.utah.gov/esu/income
Value of property: Utah State Tax Commission - Property Tax Division, Utah County Assessor's Office
Population Data: <http://www.tax.utah.gov/econstats>,
<http://www.census.gov/popest/data/cities/totals>

AMERICAN FORK CITY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
CUWCD ^{3, 4}	\$ 277,522,075	1.35%	\$ 3,746,548
Alpine School District	412,085,000	9.42%	38,818,407
Subtotal, overlapping debt			42,564,955
City direct debt (6)			12,776,114
Total direct and overlapping debt			<u>\$ 55,341,069</u>

- Note: (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of American Fork City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.
- (2) Central Utah Water Conservancy District's (CUWCD) outstanding general obligation bonds are limited ad valorem tax bonds. By law CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding ad valorem tax bonds.
- (3) CUWCD is located in multiple counties. Overlapping debt is based solely on the portion of value within City boundaries.
- (4) All portions of this American Fork City's outstanding general obligation debt related to secondary irrigation bonds are supported by user fee revenues from water or sewer.
- (5) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.
- (6) Direct debt includes: general obligation bonds payable, revenue bonds and special assessment bonds payables.
- (7) Source; Utah State Tax Commission TC-233b reports. Taxable value used in this table excludes the taxable value used to determine uniform fees on tangible personal property.

AMERICAN FORK CITY
Legal Debt Margin Information
Ten Fiscal Years
(Dollars in thousands)

Legal Debt Margin Calculation
Fiscal Year Ending June 2014
(dollars in thousands)

Assessed value	\$ 2,177,429
Debt limit (12% of assessed value)	261,291
Debt applicable to limit:	
General obligation bonds	51,368
Total net debt applicable to limit	<u>\$ 51,368</u>
Legal debt margin	<u><u>\$ 209,923</u></u>

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 118,253	\$ 135,831	\$ 172,956	\$ 186,565	\$ 194,373	\$ 182,945	\$ 176,182	\$ 179,261	\$ 253,652	\$ 261,291
Total net debt applicable to limit	26,357	23,222	22,175	68,029	66,889	65,698	59,062	68,782	54,356	51,368
Legal debt margin	<u>\$ 91,896</u>	<u>\$ 112,609</u>	<u>\$ 150,781</u>	<u>\$ 118,536</u>	<u>\$ 127,484</u>	<u>\$ 117,247</u>	<u>\$ 117,120</u>	<u>\$ 110,479</u>	<u>\$ 199,296</u>	<u>\$ 209,923</u>
Total net debt applicable to the limit as a percentage of debt limit	22.29%	17.10%	12.82%	36.46%	34.41%	35.91%	33.52%	38.37%	21.43%	19.66%

Source: Utah State Property Tax Division

Notes: Under state finance law, the city's outstanding general obligation debt should not exceed 12% of total assessed property value. Of this percent, a maximum of 4% may be used for general purpose. The remaining 8% and any unused portion of the 4% available for general purpose up to a maximum of 12% may be used for water, sewer, and electrical projects.

AMERICAN FORK CITY
Pledged Revenue Coverage
Ten Fiscal Years
(Dollars in thousands)

Fiscal Year	Water Bonds						Special Assessment Bonds				Sales Tax Increment Bonds			
	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Alpine/ Meadows Special Assessment Bonds	Debt Service			Sales & Use Tax	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage		Principal	Interest	Coverage
2003	\$ 4,766	\$ 4,130	\$ 636	\$ 185	\$ 25	3.03	\$ -	\$ -	\$ -	-	\$ 3,354	\$ -	\$ -	0.00
2004	4,342	4,489	(147)	190	18	(0.71)	-	-	-	-	3,660	325	251	6.35
2005	5,244	5,730	(486)	200	11	(2.30)	416	-	-	-	4,225	310	269	7.30
2006	5,195	5,591	(396)	210	4	(1.85)	1,317	549	226	1.6994	4,810	615	488	4.36
2007	6,208	5,018	1,190	45	-	26.44	1,381	549	203	1.8364	5,755	730	474	4.78
2008	6,866	6,050	816	45	157	4.04	1,927	549	181	2.6397	6,042	765	451	4.97
2009	6,309	6,749	(440)	45	2,059	(0.21)	1,354	548	158	1.9178	5,406	775	416	4.54
2010	8,015	7,524	491	45	2,196	0.22	745	547	135	1.0924	4,935	765	389	4.28
2011	9,875	8,578	1,297	564	2,196	0.47	215	547	112	0.3263	4,552	820	362	3.85
2012	10,186	8,238	1,948	1,125	2177	0.59	-	-	-	-	5,390	840	325	4.63
2013	10,496	8,988	1,508	1,150	2296	0.44	-	-	-	-	5,911	460	127	10.07
2014	12,637	9,455	3,182	1,215	2095	0.96	-	-	-	-	6,235	533	164	8.95

Source: American Fork City

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

AMERICAN FORK CITY
Demographic and Economic Statistics
Ten Calendar Years

Calendar Year	Population	Personal Income (Federal AGI)	Per Capita Personal Income	Unemployment Rate
2003	23,042	\$ 344,448,888	\$ 14,949	6.3%
2004	23,421	365,730,392	15,615	5.7%
2005	23,806	408,579,652	17,163	4.7%
2006	24,198	477,883,707	19,749	3.4%
2007	24,596	502,510,106	20,431	3.0%
2008	25,001	481,847,897	19,273	4.4%
2009	25,412	461,425,096	18,158	8.0%
2010	26,263	471,354,923	17,947	9.1%
2011	26,695	506,221,345	18,963	9.3%
2012	27,134	522,828,276	19,268	6.3%
2013	27,581	540,081,609	19,582	4.6%

Sources: Unemployment rate - www.bls.gov/data/home.htm
 Personal income - www.tax.utah.gov/esu/income
 Population Projection - <http://gomb.utah.gov/budget-policy/demographic-economic-analysis/>
 * 2014 personal income amounts are not available
 amounts shown here are based on average increase/decreases from previous years

AMERICAN FORK CITY
Full-Time Equivilant City Employees by Function/Program
Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Administration	8.10	7.45	8.06	8.75	8.73	6.73	9.25	9.52	9.96	11.18
Legal ¹	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Data Processing	1.00	1.00	-	-	-	-	-	-	-	-
Economic Development	-	-	0.50	0.50	0.50	0.50	0.21	0.18	0.20	0.20
Police										
Officers	33.00	32.00	33.00	34.00	32.00	32.00	33.00	32.80	32.54	33.98
Civilians	9.47	9.63	9.73	9.26	10.25	8.52	8.53	7.64	9.90	8.74
Fire										
Firefighters and officers	4.78	5.17	7.10	6.91	7.37	7.11	10.08	8.56	9.23	0.29
Ambulance	6.47	5.88	17.64	21.42	24.27	28.67	27.30	27.94	26.53	38.47
Public Works										
Building and Grounds	4.69	4.43	4.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43
Building Inspections	6.61	6.43	6.43	6.43	6.00	5.00	4.00	4.00	3.00	3.39
Engineering	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	4.86
Fleet	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Public Works Admin.	1.00	1.00	1.00	2.68	2.67	2.69	2.77	2.00	2.51	2.00
Secondary Irrigation ¹	-	-	-	1.53	1.66	2.59	2.00	3.25	2.00	2.00
Sewer	3.00	3.00	3.00	3.00	3.00	3.00	5.00	8.42	5.00	5.00
Storm Drain	1.00	1.00	2.00	1.00	1.00	1.00	0.14	1.50	1.00	1.00
Streets	6.00	6.00	6.00	6.00	7.00	7.00	6.00	8.36	6.00	7.00
Water	5.15	5.00	6.00	7.00	7.00	8.00	6.00	8.06	6.00	6.00
Other	-	-	-	-	-	-	-	-	-	-
Planning	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	2.00	2.00
Parks and recreation ¹										
Cemetery	5.07	4.80	5.51	7.58	6.00	7.50	7.43	7.87	6.85	7.28
Recreation	5.07	4.30	4.53	6.06	5.73	5.50	5.01	7.03	7.66	8.81
Fitness	26.61	26.67	31.34	40.99	42.35	39.81	38.80	38.87	34.53	40.66
Parks	8.25	9.36	9.66	9.48	10.00	9.10	9.73	11.84	9.62	11.58
Boat Harbor	1.22	1.05	1.21	1.24	1.12	1.25	0.91	1.41	1.18	1.36
Library	12.34	12.60	12.37	13.10	12.91	12.22	11.93	12.56	11.95	11.60
Literacy	1.33	0.01	-	1.00	1.00	1.00	1.00	1.00	-	-
Broadband	8.84	7.06	6.00	4.49	4.00	3.50	2.00	2.00	2.00	2.00
Arts	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.02	0.01	-
Total	<u>167.00</u>	<u>162.84</u>	<u>183.51</u>	<u>205.85</u>	<u>206.99</u>	<u>205.12</u>	<u>203.52</u>	<u>217.26</u>	<u>196.10</u>	<u>212.83</u>

Source: American Fork City

¹ New function breakout

Some changes in FT reflects re-allocation of departmental workforce

AMERICAN FORK CITY
Principal Employers
Current Year and Ten Years Ago

	2014		2004	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Alpine Bd of Education	500-999	1		
American Fork Hospital	500-999	1		
State of Utah, Ut. State Developmental	500-999	1		
Universal Contracting	500-999	2		
Boostability	250-499	2		
Wal-Mart Supercenter	250-499	2		
Dentrix Dental Systems	250-499	2		
Myler Disability, LLC	250-499	2		
Doug Smith	100-249	3		
The Home Depot	100-249	3		
Target	100-249	3		
Alpine School District			1000-1999	1
Utah State Development Center			700-999	2
American Fork Hospital			500-699	3
Walmart			500-699	3
Sento Technical Innovations			250-499	4
Dentrix Dental Systems			250-499	4
American Fork City			250-499	4
Twinlab Corp			250-499	4
Symantec Corp			100-249	5
Target Corp			100-249	5
Total	<u>2800-5740</u>		<u>3900-6890</u>	

Source:

<http://jobs.utah.gov/jsp/firmfind/Largefirms.do?firmarea=Utah>

<http://jobs.utah.gov/jsp/firmfind/welcome.do>

***Specific employee numbers are no longer available. A range of the number of employees are presented instead.

AMERICAN FORK CITY
Operating Indicators by Function/Program
Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Building permits issued	626	452	463	466	354	263	299	337	398	392
Business licenses issued	-	-	-	-	-	-	-	-	-	199
Paychecks issued	-	-	-	-	-	-	-	-	-	10,938
Vendor checks issued	-	-	-	-	-	-	-	-	-	6,052
Police										
Physical arrests										
Adults	1,395	774	1,450	1,244	1,516	1,287	1,112	1,007	-	-
Juveniles	335	309	442	446	510	512	363	344	-	-
Homicide	-	1	-	1	-	-	1	-	-	1
Rape	7	10	7	5	10	8	7	11	5	3
Robbery	3	1	6	5	8	10	15	4	6	6
Aggravated Assault	17	17	16	23	17	16	18	8	23	16
Burglary	175	144	246	145	222	162	186	175	117	106
Larceny	858	755	744	840	1,041	969	795	731	672	674
Motor Vehicle Theft	52	71	60	44	39	43	27	34	30	37
Arson	1	1	-	5	2	4	1	2	2	1
Crime Rate/1000	49.72	46.79	31.73	30.14	36.57	31.77	29.14	38	23	22
Violent Crime									34	26
Calls for Service	-	-	-	-	-	-	-	-	23,125	-
Police Reports	-	-	-	-	-	-	-	-	10,298	-
Citations	-	-	-	-	-	-	-	-	8,434	-
Traffic Accident Investigations	-	-	-	-	-	-	-	-	1,019	-
Ambulance										
911 calls	-	-	-	-	-	-	-	-	1,003	1,170
Basic Life support transports	-	-	-	-	-	-	-	-	468	465
Advanced life support transports	-	-	-	-	-	-	-	-	374	379
Critical Care ICU Transports	-	-	-	-	-	-	-	-	40	72
Other	-	-	-	-	-	-	-	-	521	-
Fire										
Alarms	-	-	-	-	-	-	-	-	175	164
Public Education Events	-	-	-	-	-	-	-	-	8,306	5,728
Hydrant Inspections	-	-	-	-	-	-	-	-	2,464	776
Business Fire Inspections	-	-	-	-	-	-	-	-	305	1,132
Structural fires	14	17	18	18	9	19	13	167	14	16
Vehicle fires	10	10	13	16	8	7	7		170	18
Extractions									17	17
Outside fires	13	21	31	64	14	10	19	48	20	12
All other fires	3	-	3	3	-	26	5	-	373	117
Inspections	-	-	-	-	-	-	-	-	-	-
Street resurfacing (miles)	-	-	-	-	-	-	-	-	4	3
Potholes repaired*	-	-	-	-	-	-	23	35	450	35
Parks and recreation										
Cemetery Burials	157	151	143	174	159	136	161	174	184	147
Fitness center admissions			185,197	204,727	245,552	277,339	282,991	251,632	272,533	258,406
Water										
New Residential connections										
Residential	117	196	214	134	55	48	63	77	118	186
Commercial	37	20	14	15	12	4	7	10	12	19
Water main breaks	-	-	-	-	-	-	-	-	90	72
Average daily consumption* (thousands of gallons)	-	-	-	-	-	1669.47	4626.46	3138.88	3110.00	2806.32
Sewer										
Average daily sewer treatment (thousands of gallons)	79.00	85.38	99.84	104.76	96.72	96.49	113.41	111.09	85.123	64,7781
Library										
Volumes in collection	98,354	102,608	101,645	102,787	105,877	107,472	113,851	108,366	112,645	122,922
Total volumes borrowed	254,546	272,402	260,219	300,633	330,458	341,545	311,310	364,343	295,212	299,550

Sources: American Fork City
<http://publicsafety.utah.gov/bci/crimestatistics.html>
<http://publicsafety.utah.gov/firemarshal>
 Utah State Fire Marshal Office
http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s./2013/crime-in-the-u.s.-2013/tables/table-8/table-8-state-cuts/table_8_offenses_known_to_law_enforcement_utah_by_city_2013.xls
<http://publicsafety.utah.gov/firemarshal/documents/2013FireReportbyFDID.pdf>
 *Data prior to information for years listed, is not available.

AMERICAN FORK CITY
Capital Assets by Function/Program
Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	32	32	32	32	32	32	32	43	43	43
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	99.05	100.75	102.23	103.54	104.01	104.04	104.26	105.30	105.76	111.56
Streetlights	-	-	-	-	-	-	-	-	-	1121
Parks and recreation										
Acreage	163	163	163	168	174	174	174	174	174	183
Playgrounds	8	31	31	31	31	31	31	31	32	32
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	7	10	10	10	10	10	10	10	10	10
Flag football fields	6	6	8	8	8	8	8	8	8	8
Tackle football fields	1	1	1	1	1	1	1	1	1	3
Basketball/tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Culinary Water Lines (miles)	127.66	129.99	133.50	134.30	136.68	136.68	136.77	136.84	137.29	150.64
Irrigation Water Lines (miles)*	-	-	-	-	-	-	-	-	120.58	103.7
Irrigation line breaks*	-	-	-	-	-	-	-	-	9	55
Storm Drain (miles)	16.84	17.65	18.54	18.62	19.53	19.53	19.53	19.59	19.7	56.66
Sanitary sewers (miles)	103.36	105.26	108.08	108.81	110.58	110.58	110.65	110.67	111.08	123.1
Average monthly sewer treatment (millions of gallons; contract)	79.00	85.38	99.84	104.76	96.72	96.49	113.41	111.09	85.123	64.7781
Fire Hydrants*	-	-	-	-	-	-	-	1,111	1,111	1068
Upper pond storage capacity(million of g;	-	-	-	-	-	-	-	5	5	5
Lower pond storage capacity (millions of	-	-	-	-	-	-	-	10	10	10

Sources: American Fork City

*Data prior to information for years listed, is not available.

AMERICAN FORK CITY
Schedule of Insurance
July 2014 through June 2015

Description	Company	Liability Limit	Effective Date
Property	Affiliated FM	\$37,924,130	7/1/2014
Contents	Affiliated FM	\$11,413,910	7/1/2014
Contractors equipment	Affiliated FM	\$1,289,647	7/1/2014
EDP equipment	Affiliated FM	\$4,136,360	7/1/2014
Earthquake	Affiliated FM	\$50,000,000	7/1/2014
Flood	Affiliated FM	\$50,000,000	7/1/2014
Crime	Travelers	\$500,000.00	7/1/2014
General liability	One Beacon	\$1,000,000/\$3,000,000	7/1/2014
Automobile liability	One Beacon	\$1,000,000	7/1/2014
Employment practices	One Beacon	\$1,000,000/\$3,000,000	7/1/2014
Employee benefit	One Beacon	\$1,000,000/\$3,000,000	7/1/2014
Public officials E & O	One Beacon	\$1,000,000/\$3,000,000	7/1/2014
Law enforcement	One Beacon	\$1,000,000/\$3,000,000	7/1/2014
Umbrella	One Beacon / Torus	\$15,000,000	7/1/2014
Auto damage	One Beacon	Actual cash value	7/1/2014
Public official treasurer bond	The Hartford	\$1,500,000	4/4/2014

Thank you, from the Administration and Staff of American Fork City, for your interest in our City.